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Redressing Sustainable Fashion Practices: Upcycling as a Defense to Trademark Infringement

Victoria Lepesant

Texas A&M University School of Law (Student), lepesant@tamu.edu

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REDRESSING SUSTAINABLE FASHION PRACTICES: UPCYCLING AS A DEFENSE TO TRADEMARK INFRINGEMENT

by: Victoria Lepesant*

ABSTRACT

Upcycling is a fashion trend that has recently gained popularity because it is a more sustainable option for those seeking to purchase new pieces for their wardrobes. Upcycling involves deconstructing pre-owned pieces of clothing, jewelry, and accessories and using the deconstructed materials to create “new” fashion items. While this practice is popular among those looking to make environmentally conscious shopping choices, it is incompatible with our current trademark statutes and common law doctrines. Under the Lanham Act, it is considered trademark infringement to use another’s trademark when it is likely to cause confusion among consumers. In most instances, the use of upcycled materials that bear another brand’s trademark would likely cause confusion among consumers. This Comment proposes an amendment to the Lanham Act to create an affirmative defense for upcycling.

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I. INTRODUCTION

Designer Therapy is a small, woman-owned business that specializes in acquiring authentic designer buttons and turning them into pieces of jewelry.¹ Jennifer Barker, the owner of Designer Therapy, started out collecting and trading designer buttons as a hobby until she discovered the vast world of luxury collecting.² Barker was inspired by her late grandmother's vintage jewelry collection when she created Designer Therapy—she wanted to give a new life to her grandmother's vintage pieces by incorporating her newly acquired luxury buttons.³ She now works with high-end collectors in Europe to source designer buttons, and she then turns them into various pieces of jewelry.⁴ Designer Therapy's pieces most commonly consist of buttons and charms from brands like Chanel, Louis Vuitton, Gucci, and Dior.⁵ Designer Therapy asserts that every button is authentic, ensuring that the company works with trusted high-end collectors and authentication experts to verify that each piece is genuine.⁶ In the description of its pieces, Designer Therapy also provides, when known, the item of clothing from which the button was sourced.⁷ Designer Therapy states that the company and its affiliated collectors are “firm believers in upcycling and sustainability.”⁸

Designer Therapy is one of many companies that upcycles designer pieces bearing a brand's trademark, repurposing them into “new” items. Another company, Shiver + Duke, similarly commits itself to upcycling and sustainability.⁹ Shiver + Duke also makes jewelry from

1. See *About Designer Therapy*, DESIGNER THERAPY, <https://designertherapy.ca/pages/about> [<https://perma.cc/KT22-RPPT>].

2. *Id.*

3. *Id.*

4. *Id.*

5. See *Bracelets, Rings, and Things*, DESIGNER THERAPY, <https://www.designertherapy.ca/bracelets-rings-things> [<https://perma.cc/T7S3-G4HT>].

6. See DESIGNER THERAPY, *supra* note 1.

7. See, e.g., *Designer Black and Gold Necklace*, DESIGNER THERAPY, <https://www.designertherapy.ca/product-page/designer-black-and-gold-necklace> [<https://perma.cc/P228-HAAB>].

8. See DESIGNER THERAPY, *supra* note 1.

9. *Repurposed/Upcycled Collection*, SHIVER + DUKE, <https://shiverandduke.com/collections/repurposed-designer-collection> [<https://perma.cc/MV5A-2YK8>].

authentic designer buttons.¹⁰ Although the jewelry is “[r]epurposed from 100% [a]uthentic designer buttons,” Shiver + Duke states that in “no way is [it] affiliated with Chanel, Louis Vuitton, Dior or Gucci.”¹¹ That disclaimer is repeated on every upcycled item’s page.¹² Shiver + Duke creates these pieces to preserve the beauty of the designer buttons “while reducing waste and its impact on the planet.”¹³

Shiver + Duke’s upcycling, however, did not go unnoticed; in February 2021, Chanel brought a lawsuit against Shiver + Duke based on the unauthorized misappropriation of Chanel’s trademarks.¹⁴ In the suit, Chanel alleged claims of federal trademark infringement, unfair competition, and trademark dilution.¹⁵ Chanel argued that by using its widely recognizable trademarks, Shiver + Duke intended to profit off the “goodwill that Chanel has created in its mark through decades of use.”¹⁶

Due to the prevalence of online retail and the constant emergence of new internet stores, it is likely that brands like Designer Therapy have avoided similar suits by simply “flying under the radar” of luxury fashion houses. Either way, by creating and selling upcycled products, these brands may violate the United States’s current trademark law, the Lanham Act.

This Comment proposes an amendment to the Lanham Act that creates an affirmative defense to trademark infringement claims for those using registered trademarks in upcycled items. Part II provides an overview of the Lanham Act and the doctrines that are relevant to this issue: the first sale doctrine, the material difference exception, and the likelihood of point-of-sale and post-sale confusion. Part III describes the toll the fashion industry at large has taken on the environment. This Part also describes the practice of upcycling in fashion and explains how it currently violates trademark law. Finally, Part IV proposes an amendment to the Lanham Act to create an affirmative defense for upcyclers, called the Upcycling Exception. Additionally, this Part describes the elements required to raise a defense under the Upcycling Exception and explains the arguments in support of the proposed amendment.

10. *Id.*

11. *Id.*

12. *Id.*

13. *Id.*

14. Complaint at 1, 24, Chanel, Inc. v. Shiver and Duke, LLC, No. 1:21-cv-01277 (S.D.N.Y. Feb. 21, 2021).

15. *Id.* at 2.

16. *Id.* at 8.

II. BACKGROUND: THE LANHAM ACT

A. *Overview of the Lanham Act*

The Trademark Act of 1946, also known as the Lanham Act, was passed to regulate the registration and protection of trademarks. The Lanham Act provides legal protection to owners of trademarks.¹⁷ A trademark includes “any word, name, symbol, or device, or any combination thereof” used in commerce “to identify and distinguish [a person’s] goods . . . from those manufactured or sold by others and to indicate the source of the goods.”¹⁸ Trademarks are linked to “a company’s most valuable assets: its goodwill and identification of its goods and services.”¹⁹

Congress enacted the Lanham Act to protect both consumers and trademark owners. In a 1946 Senate Report accompanying the Lanham Act, the Senate explained that the Act has two primary goals.²⁰ First, the Lanham Act “protect[s] the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get.”²¹ Second, “where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from misappropriation by pirates and cheats.”²²

Trademark laws protect consumers “from being confused or deceived as to the origin of a product or service.”²³ Consumers can rely on trademarks as an indicator of a product’s source and quality. Trademarks indicate that a product comes from a particular source and act as a guarantee that products bearing the trademark will have a consistent quality level.²⁴ Trademarks enable consumers to quickly identify products and brands, which reduces their own search costs.²⁵ And as a source identifier, trademarks also benefit consumers by fix-

17. *Lanham Act*, LEGAL INFO. INST., https://www.law.cornell.edu/wex/lanham_act [<https://perma.cc/6TKA-8S53>].

18. 15 U.S.C. § 1127.

19. Meaghan E. Goodwin, *Pricey Purchases and Classy Customers: Why Sophisticated Consumers Do Not Need the Protection of Trademark Laws*, 12 J. INTELL. PROP. L. 255, 259 (2004).

20. See S. REP. NO. 79-1333, at 3 (1946), as reprinted in 1946 U.S.C.C.A.N. 1274, 1277.

21. *Id.*

22. *Id.*

23. Anthony M. Keats, Commentary, *Trendy Product Upcycling: Permissible Recycling or Impermissible Commercial Hitchhiking?*, 110 TRADEMARK REP. 712, 713 (2020).

24. Anne M. McCarthy, *The Post-Sale Confusion Doctrine: Why the General Public Should Be Included in the Likelihood of Confusion Inquiry*, 67 FORDHAM L. REV. 3337, 3344 (1999).

25. William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 269 (1987).

ing a responsibility upon the seller to create consistently quality products over time.²⁶

Trademark owners are protected by the Lanham Act in two important ways. First, the statute bars the registration of marks which, when used in connection with the goods or services on the application, are likely to cause confusion, mistake, or deception with previously registered marks.²⁷ In order to fulfill their purpose, trademarks cannot be duplicated.²⁸ Allowing another company to sell goods using the same trademark “would destroy the benefit of the [existing mark] in identifying” products.²⁹ Second, trademark owners can seek civil remedies against infringers under sections 1114 and 1125. The Act protects the owners of both registered and unregistered trademarks against intentional, as well as accidental, infringement that can lead to the confusion of consumers.³⁰ It holds any person civilly liable who uses a registrant’s mark in commerce without the registrant’s consent in “any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.”³¹ Additionally, a registrant can collect damages or lost profits from those who commit acts of infringement with the intention of causing confusion, mistake, or deception.³² Unregistered trademark owners are likewise protected, under section 1125, from those who use their mark in commerce when the use “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, 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.”³³ Though the Lanham Act provides the basis for liability for trademark infringement, common law doctrines are instructive in determining the bounds and limitations of such liability.

B. *Rights of Subsequent Sellers: The First Sale Doctrine and the Material Difference Exception*

1. The First Sale Doctrine

A trademark owner’s rights and protections are limited under what is known as “the first sale doctrine.” Under the first sale doctrine, anyone who purchases an item that has a registered trademark can resell that item without permission from the owner of the trade-

26. *Id.*

27. 15 U.S.C. § 1052.

28. Landes & Posner, *supra* note 25, at 269.

29. *Id.*

30. See 15 U.S.C. § 1114.

31. *Id.* § 1114(1)(a).

32. *Id.* § 1114(1)(a)–(b).

33. *Id.* § 1225(a)(1)(A).

mark.³⁴ As soon as “a trademark owner sells his product, the buyer ordinarily may resell the product under the original mark without incurring any trademark law liability.”³⁵ As such, “resale by the first purchaser of the original article under the producer’s trademark is generally neither trademark infringement nor unfair competition.”³⁶ So long as the product was legally acquired,³⁷ the trademark owner cannot bring a suit against someone who merely resells a product bought from the owner.

The Supreme Court first applied the first sale doctrine to trademark law in *Prestonettes, Inc. v. Coty*.³⁸ In this case, Coty, a French cosmetics company, brought suit against Prestonettes for the unlawful use of Coty’s registered trademarks.³⁹ Prestonettes purchased loose powder products from Coty, then subjected the powder to pressure, added in a binder, and sold its new product in a metal compact.⁴⁰ The Court held that Prestonettes did not violate Coty’s trademark rights because the “defendant of course by virtue of its ownership had a right to compound or change what it bought, to divide either the original or the modified product, and to sell it so divided.”⁴¹ Justice Holmes introduced the first sale doctrine, writing:

Then what new rights does the trade-mark confer? It does not confer a right to prohibit the use of the word or words. It is not a copyright. The argument drawn from the language of the Trade-Mark Act does not seem to us to need discussion. A trade-mark only gives the right to prohibit the use of it so far as to protect the owner’s good will against the sale of another’s product as his. . . . When the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth.⁴²

Essential to the Court’s holding, and to the first sale doctrine, is the fact that Prestonettes resold Coty’s product honestly. Prestonettes was actually selling a product that contained Coty powder, so it told its customers that the product contained Coty powder. True, Prestonettes used the Coty mark to sell the product without Coty’s consent. However, everything Prestonettes said was the truth. As a result, the Court held that there was no likelihood that the public would be deceived,

34. Keats, *supra* note 23, at 714.

35. *NEC Elecs. v. CAL Cir. Abco*, 810 F.2d 1506, 1509 (9th Cir. 1987).

36. *Enesco Corp. v. Price/Costco Inc.*, 146 F.3d 1083, 1085 (9th Cir. 1998).

37. David W. Barnes, *Free-Riders and Trademark Law’s First Sale Rule*, 27 SANTA CLARA COMPUT. & HIGH TECH. L.J. 457, 461 n.7 (2011).

38. *Prestonettes, Inc. v. Coty*, 264 U.S. 359 (1924).

39. *Id.* at 366.

40. *Id.* at 366–67.

41. *Id.* at 368.

42. *Id.*

and that there was no violation of trademark law.⁴³ From there, the first sale doctrine was introduced into trademark law.

The first sale doctrine has several legal justifications. First, the doctrine allows purchasers to resell a branded product after the initial sale by the trademark holder.⁴⁴ It thus enables competition, of a sort, between used versions of the product and newly manufactured versions. Second, it ensures that the brand owner can only charge consumers once for the product. Courts have held that, after a trademark owner sells its products, the “owner’s right to maintain control over who thereafter resells the product” ends, and “subsequent sales of the product by others do no constitute infringement even though such sales are not authorized by the trademark owner.”⁴⁵ Finally, courts adopted this doctrine because “trademark law is designed to prevent sellers from confusing or deceiving consumers about the origin or make of a product,” and such confusion is absent “when a genuine article bearing a true mark is sold.”⁴⁶ However, the first sale doctrine is not an absolute defense to a claim of trademark infringement.

2. The Material Difference Exception

The first sale doctrine does not apply when a person resells a product bearing a registered mark if the product has any material differences from the original product that are likely to confuse consumers.⁴⁷ Under the material difference exception, “the unauthorized resale of a materially different product constitutes infringement.”⁴⁸ The sale of products bearing so-called “material differences” are considered infringement because a “difference in products bearing the same name confuses consumers and impinges on the local trademark holder’s goodwill.”⁴⁹ The Lanham Act does not cover materially different products because they are no longer considered genuine.⁵⁰ Further, while the first sale of products that are not materially different does not create a risk that consumers will buy one thing when they are expecting something else, the sale of materially different products often does create such a risk.⁵¹

43. *Id.*

44. Barnes, *supra* note 37, at 463.

45. *Davidoff & Cie, S.A. v. PLD Int’l Corp.*, 263 F.3d 1297, 1298–99 (11th Cir. 2001); *see also* *NEC Elecs. v. CAL Cir. Abco*, 810 F.2d 1506, 1509 (9th Cir. 1987); *Matrix Essentials, Inc. v. Emporium Drug Mart, Inc.*, 988 F.2d 587, 590 (5th Cir. 1993); *Enesco Corp. v. Price/Costco Inc.*, 146 F.3d 1083, 1085 (9th Cir. 1998).

46. *NEC Elecs.*, 810 F.2d at 1509.

47. *Davidoff & Cie*, 263 F.3d at 1298–99.

48. *Id.* at 1299.

49. *Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633, 638 (1st Cir. 1992).

50. *Id.*

51. *Id.* at 641.

Material differences are those that “consumers consider relevant to a decision about whether to purchase a product,”⁵² as well as those that are likely to cause consumer confusion.⁵³ When a product bearing a trademark is merely being resold unaltered, there is no likelihood of customer confusion.⁵⁴ This is consistent with the first sale doctrine. Therefore, it follows that there is a strong likelihood of confusion when a product, though bearing the same trademark, is “not identical but that nonetheless bear[s] strong similarities in appearance or function.”⁵⁵ Though courts have not created a single, straightforward formula to determine whether a difference is material, “the threshold of materiality is always quite low.”⁵⁶

However, the Supreme Court explained in *Champion Spark Plug Co. v. Sanders* that not all material differences are relevant.⁵⁷ Champion Spark Plug (“Champion”) manufactured and sold spark plugs using its “Champion” trademark.⁵⁸ Perfect Recondition Spark Plug Company (“Perfect Recondition”) collected used Champion plugs, repaired and reconditioned them, and then resold them.⁵⁹ Their product packaging contained the word “Champion” and bore phrases such as “Perfect Process Renewed Spark Plugs.”⁶⁰ There were also small boxes inside the outer product packing that contained legends indicating that the plugs had been renewed.⁶¹ Each plug was stamped with the word “Renewed” in small, blue letters.⁶² The Court noted some differences between the Champion plugs and Perfect Recondition’s plugs.⁶³ The heat range and other qualities in the Perfect Recondition plugs were inferior to those in the Champion plugs.⁶⁴ However, the Court explained that “[i]nferiority is immaterial so long as the article is clearly and distinctively sold as repaired or reconditioned rather than as new.”⁶⁵ To sell something as clearly and distinctively reconditioned rather than new requires that the manufacturer not be identified with the inferior qualities in the reconditioned product.⁶⁶ The Court conceded that such a rule permits secondhand resellers to get some advantage from the trademark.⁶⁷ However, manufacturers are

52. *Davidoff & Cie*, 263 F.3d at 1302.

53. *Societe Des Produits Nestle*, 982 F.2d at 641.

54. *Id.*

55. *Id.*

56. *Id.*

57. *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125 (1947).

58. *Id.* at 126.

59. *Id.*

60. *Id.*

61. *Id.*

62. *Id.*

63. *Id.* at 129.

64. *Id.*

65. *Id.* at 130.

66. *Id.*

67. *Id.*

afforded all the protection to which they are entitled under trademark law when a disclosure is included in the sale of reconditioned goods, as a disclosure renders the present differences immaterial.⁶⁸

The material difference exception most often appears in cases involving gray market goods. For example, in *Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, the court held that differences in quality, composition, packaging, and price in the sale of gray market chocolates were material.⁶⁹ In that case, Societe des Produits Nestle (“Nestle”) granted Casa Helvetica a license to distribute Nestle’s Perugina chocolates in Puerto Rico.⁷⁰ Nestle also had a license with Distribuidora Nacional de Alimentos La Universal S.A. to distribute its Perugina chocolate in Venezuela.⁷¹ Nestle’s chocolates sold in Puerto Rico were manufactured in Italy; those sold in Venezuela were manufactured in Venezuela and differed in presentation, variety, composition, and price.⁷² Nestle later abandoned its license with Casa Helvetica and instead licensed Nestle Puerto Rico to distribute the chocolate in Puerto Rico.⁷³ Casa Helvetica subsequently purchased the Venezuelan-made Perugina chocolates and sold them in Puerto Rico, all without the consent of Nestle.⁷⁴

The court explained that even subtle differences in packaging are material, as those are “precisely the type that heighten the presumption of customer confusion.”⁷⁵ Further, significant variations in the prices of different products indicate that consumers are aware of, and value, the differences between the two products.⁷⁶ Therefore, Casa Helvetica’s unauthorized and incorrect marketing of the Venezuelan chocolate as Italian-made constituted a material difference from the Italian-made chocolate sold by Nestle in Puerto Rico. As such, Casa Helvetica violated Nestle’s trademark rights.

The distinction between material differences in used or refurbished goods and those in gray market goods has to do with the condition of the item being resold. In gray market goods cases, the items are being sold as new, whereas used and refurbished items are not. Consumers of new items have different expectations compared to consumers of used and refurbished items.⁷⁷ As illustrated in *Societe Des Produits Nestle*, even small differences in product packaging and price can con-

68. *Id.*

69. *Societe Des Produits Nestle, S.A. v. Casa Helvetia, Inc.*, 982 F.2d 633, 644 (1st Cir. 1992).

70. *Id.* at 635.

71. *Id.*

72. *Id.*

73. *Id.*

74. *Id.*

75. *Id.* at 643.

76. *Id.* at 644.

77. *Nitro Leisure Prods., L.L.C. v. Acushnet Co.*, 341 F.3d 1356, 1362 (Fed. Cir. 2003).

fuse consumers when they are deciding whether to purchase the item.⁷⁸ Consumers of used and refurbished items have different expectations. In seeking out used and refurbished products, these customers understand that the products will have some degradation or small differences as compared to the new products.⁷⁹ Therefore, the standard for confusion is a bit higher than that in gray market goods cases. For used and refurbished goods, differences on products become material when they are so different from the original “that it would be a misnomer for them to be designated by the original trademark,” as that designation would confuse consumers.⁸⁰

The Lanham Act makes no mention of “material differences” regarding the resale of items bearing trademarks. The common law-created doctrine is nonetheless consistent with the goals of the Lanham Act because it protects consumers from confusion when purchasing products. Moreover, the doctrine is relevant to non-gray market goods in legal practice, as litigants argue that the material alteration of products bars the availability of a first sale defense and is grounds for trademark infringement claims.⁸¹

C. *Likelihood of Confusion: Point-of-Sale and Post-Sale Confusion*

Protecting consumers from confusion lies at the heart of the first sale doctrine and the material difference exception. It is also a main goal of the Lanham Act.⁸² The likelihood of “confusion is the probability that an alleged infringer’s mark is the legal cause, or cause in fact, of confusion in the minds of potential consumers.”⁸³ More specifically, “the confusion inquiry centers on whether the public is likely to believe that the infringer’s product originates from or is endorsed by the plaintiff.”⁸⁴

Section 1114(1) of the Lanham Act prohibits the use, reproduction, counterfeiting, or copying of a registered trademark when such a use is “likely to cause confusion, or to cause mistake, or to deceive.”⁸⁵ Section 1125(a)(1) likewise protects the owners of unregistered trademarks from uses that are likely to cause confusion, mistake, or to

78. *Societe Des Produits Nestle*, 982 F.2d at 643–44.

79. *Nitro Leisure Prods.*, 341 F.3d at 1362.

80. *Id.* at 1363.

81. See Complaint at 16, *Louis Vuitton Malletier, S.A.S. v. Sandra Ling Designs, Inc.*, No. 4:21-cv-00352 (S.D. Tex. Feb. 2, 2021) [hereinafter *Louis Vuitton Complaint*] (“They are no longer genuine Louis Vuitton products, but are instead material alterations of Louis Vuitton products (the ‘Materially Altered Products’). Although they continue to prominently display the Louis Vuitton Trademarks, the Materially Altered Products no longer attain the aesthetic or quality of authentic Louis Vuitton items.”).

82. S. REP. NO. 79-1333, at 3 (1946), as reprinted in 1946 U.S.C.C.A.N. 1274, 1277.

83. McCarthy, *supra* note 24, at 3344.

84. *Id.*

85. 15 U.S.C. § 1114(1)(a).

deceive.⁸⁶ Thus, likelihood of confusion is an essential element for trademark infringement actions by the owners of registered and unregistered trademarks. The Lanham Act, however, does not define those uses that create a likelihood of confusion.

The Court of Appeals for the Second Circuit was the first court to construct a factor test to determine whether the use of a mark creates a likelihood of confusion in *Polaroid Corp. v. Polarad Electronics Corp.*⁸⁷ Whether a prior owner can succeed against a defendant's use of a mark depends on: (1) the strength of the mark, (2) the degree of similarity between the two marks, (3) the similarity of the products, (4) the likelihood that the prior owner will bridge the gap in the market, (5) actual confusion, (6) defendant's good faith in adopting its own mark, (7) the quality of defendant's product, and (8) the sophistication of the buyers.⁸⁸ Each circuit court now has its own likelihood of confusion test, each comprising its own factors.⁸⁹ There is overlap between many of the circuits' tests—most tests evaluate the similarities between the plaintiff and defendant's marks and goods, the defendant's intent, and the presence of actual consumer confusion.⁹⁰ Courts use these factors to determine whether consumers would be confused into believing that the plaintiff is the source of, or is affiliated with, the defendant's product.⁹¹

Confusion can also occur after a sale takes place. The principle of post-sale confusion was created by courts after Congress's 1962 amendment of the Lanham Act.⁹² Congress amended the Act to remove language that limited trademark liability to confusion involving "purchasers."⁹³ Prior to this amendment, courts usually limited their likelihood of confusion analysis to confusion among actual purchasers.⁹⁴ Some courts interpreted the 1962 amendment as evidence of Congress's intent to extend liability to potential purchasers, thereby supporting trademark infringement actions based on post-sale confusion.⁹⁵

Post-sale confusion "is based on the notion that while a consumer may not be confused at the time they purchase a product bearing an allegedly infringing mark, the consumer's use of the product is likely

86. *Id.* § 1125(a)(1).

87. *See generally* *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961) (using an eight-factor test to determine whether the use of a mark creates a likelihood of confusion).

88. *Id.* at 495.

89. Robert G. Bone, *Taking the Confusion Out of "Likelihood of Confusion": Toward a More Sensible Approach to Trademark Infringement*, 106 Nw. U. L. REV. 1307, 1315 (2012).

90. *Id.*

91. *Id.* at 1314.

92. McCarthy, *supra* note 24, at 3338.

93. *Id.*

94. *Id.* at 3350.

95. *Id.* at 3338.

to cause others to be confused.”⁹⁶ The concern associated with post-sale confusion is when an observer may attribute any perceived inferiorities in quality of the defendant’s product to the plaintiff.⁹⁷ However, in “contrast to the usual trademark case involving consumer confusion at the point of sale, which is likely to cause—and is appropriately presumed to cause—harm to the consumer and the mark owner, post-sale confusion is less likely to result in harm” because individuals “who may be confused post-sale are not necessarily looking to buy a particular good.”⁹⁸ Further, whether consumer confusion exists in the post-sale context may depend on how sophisticated consumers are for the product at issue.⁹⁹ For some goods, a highly sophisticated consumer would readily spot the differences between the unauthorized and authentic products.¹⁰⁰ For others, consumers may not be sophisticated enough to distinguish the unauthorized from the authentic.¹⁰¹ In both of these scenarios, there is likely no post-sale confusion. Therefore, a consumer would need just the right amount of sophistication for post-sale confusion to exist.¹⁰²

III. FASHION TRENDS IN CONFLICT WITH TRADEMARK LAW

A. *What Is Upcycling?*

“Upcycling” is a fashion trend that saw its beginnings in the 1980s and, thanks to social media, has recently become popular again.¹⁰³ In fashion, upcycling refers to the repurposing of old materials to make new items.¹⁰⁴ “To ‘upcycle’ is to take something already made and then . . . turn it into a fresh item, meaning that you’re not seeking out new, raw materials to start from scratch.”¹⁰⁵ Those old materials can be anything, whether discarded scraps of fabric used to cut out a pattern or a pair of jeans that no longer fits. Designers then take those old materials, or combinations of materials, to create an altogether new piece of clothing or accessory. These items are enticing to consumers because they are usually one-of-a-kind, unique pieces of cloth-

96. *Id.* at 3351.

97. *Adidas-Am., Inc. v. Payless Shoesource, Inc.*, 546 F. Supp. 2d 1029, 1059 (D. Or. 2008).

98. Kal Raustiala & Christopher Jon Sprigman, Commentary, *Rethinking Post-Sale Confusion*, 108 TRADEMARK REP. 881, 884 (2018).

99. *Id.* at 888–89.

100. *Id.*

101. *Id.* at 889.

102. *Id.* at 888.

103. Jess Harvey, *One Woman’s Trash Is Another’s ‘Fit’: How Designers Are Rethinking the Future of Streetwear with Upcycling*, NAKED COPENHAGEN, <https://www.nakedcph.com/en/editorials/one-womans-trash-is-anothers-fit-editorial> [<https://perma.cc/LP2R-E7S2>].

104. *Id.*

105. Julia Harvey, *The Rise of Deadstock Dressing: Designers Approach Upcycling Clothes the Chic Way*, ELLE (June 15, 2021), <https://www.elle.com/uk/fashion/trends/a36282440/upcycling-clothes/> [<https://perma.cc/5KQW-J4HL>].

ing. Further, when high-end pieces are upcycled, consumers can achieve a luxury look without paying the luxury price. The trend became popular back in the 1980s due to fashion icons like Daniel Day, commonly known in the fashion industry as Dapper Dan.¹⁰⁶ Dapper Dan would take “fabrics and logos from high-end brands like Gucci and Louis Vuitton and remix[] them into street-ready tracksuits, bomber jackets, and hand-painted leather jackets.”¹⁰⁷ At the time Dapper Dan was creating his upcycled products, luxury clothing was a rarity—fashion houses like Louis Vuitton¹⁰⁸ and Prada¹⁰⁹ were not yet making clothing, while Gucci only had a small selection of clothing.¹¹⁰ Dapper Dan made his first upcycled piece by deconstructing a Gucci garment bag, using strips of fabric bearing the Gucci logo, and placing them onto a jacket.¹¹¹ Dapper Dan was able to give his customers items that appeared luxurious and high-end, despite those brands not having ready-to-wear collections.

In addition to creating a luxury feel, repurposing pre-owned or discarded items into new clothing or accessories allows consumers to buy a “new” item while also not contributing to the environmental footprint that is caused by the creation of new garments. Upcycling “reuses materials that may otherwise end up in the landfill in creative and innovative ways.”¹¹² Therefore, upcycling is an appealing choice for consumers seeking not only to diversify their wardrobe, but also for those who hope to alleviate a small portion of the environmental damage caused by shopping and the manufacture of new fashion items.

B. *The Fashion Industry and the Environment*

The fashion industry has an incredibly large impact on the environment. Fashion production accounts for 10% of global carbon emissions,¹¹³ and in the United States in 2018, 9,070,000 tons of discarded

106. Harvey, *supra* note 103.

107. *Id.*

108. See Dapper Dan, *Dapper Dan Explains the Birth of His Legendary ‘Knock-Up’ Logo Clothing*, ESQUIRE (June 6, 2019), <https://www.esquire.com/style/mens-fashion/a27453907/dapper-dan-made-in-harlem-book-autobiography/> [<https://perma.cc/59ZZ-WLCE>].

109. See Katie Trotter, *10 Things Every Fashion Enthusiast Should Know About Prada’s Iconic History*, VOGUE (Apr. 28, 2020), <https://en.vogue.me/fashion/10-things-to-know-about-prada/> [<https://perma.cc/K5X6-LRFT>].

110. See Dapper Dan, *supra* note 108.

111. *Id.*

112. Beth Stewart, *Upcycling: The New Wave of Sustainable Fashion*, TRIPLE PUNDIT (May 8, 2014), <https://www.triplepundit.com/story/2014/upcycling-new-wave-sustainable-fashion/58691> [<https://perma.cc/CJQ6-WF5C>].

113. *Environmental Sustainability in the Fashion Industry*, GENEVA ENV’T NETWORK, <https://www.genevaenvironmentnetwork.org/resources/updates/sustainable-fashion/> (Mar. 27, 2023) [<https://perma.cc/B5YN-V6ER>].

clothing and footwear were landfilled.¹¹⁴ The fashion industry “is the second highest user of water worldwide, producing 20 percent of global water waste.”¹¹⁵ Annually, the fashion industry uses 93 billion cubic meters of water, an amount that is “enough to meet the needs of five million people” and which contributes “significantly to water scarcity in some regions.”¹¹⁶ It is also the second-largest polluter in the world, behind only the oil industry.¹¹⁷ Cotton farming “is responsible for 24 percent of insecticides and 11 percent of pesticides despite using only 3 percent of the world’s arable land.”¹¹⁸

Consumers are no less destructive to the environment. The average American throws away nearly 82 pounds of clothing every year.¹¹⁹ Additionally, consumers today are purchasing more clothing, which they end up keeping in their wardrobes for shorter periods of time. The average consumer purchases 60% more items of clothing than that purchased in 2000, but each item is kept for half as long.¹²⁰ The average person does not wear nearly 40% of the clothing they own.¹²¹

While upcycling will not eliminate the harm caused by the fashion industry, it is a practice that, if widely adopted, can reduce that harm, and can lead to more sustainable business practices. Upcycling remedies some of the problems that consumers create, such as the short lifecycle of clothing, by giving pieces of clothing “a new purpose, achieving several more rounds of use.”¹²² Further, upcycling “could be about as zero-waste as streetwear can get,”¹²³ making it a fashion practice with a minimal environmental impact. The practice ensures that “older clothes remain in circulation rather than heading to landfill.”¹²⁴ Upcycling is thus an environmentally friendly practice and should be encouraged. Trademark law, however, may present an obstacle to upcycling, particularly when designers create upcycled pieces using registered trademarks.

114. *Facts and Figures About Materials, Waste and Recycling*, U.S. ENV’T PROT. AGENCY, <https://www.epa.gov/facts-and-figures-about-materials-waste-and-recycling/nondurable-goods-product-specific-data#ClothingandFootwear> (Dec. 3, 2022) [<https://perma.cc/4U2Q-JPAM>].

115. *Fashion and the SDGs: What Role for the UN?*, UNITED NATIONS ECON. COMM’N FOR EUR. (Mar. 1, 2018), https://unece.org/fileadmin/DAM/RCM_Website/RFSD_2018_Side_event_sustainable_fashion.pdf [<https://perma.cc/U3JV-ST7Q>].

116. GENEVA ENV’T NETWORK, *supra* note 113.

117. Elisha Teibel, *Waste Size: The Skinny on the Environmental Costs of the Fashion Industry*, 43 WM. & MARY ENV’T. L. & POL’Y REV. 595, 597 (2019).

118. UNITED NATIONS ECON. COMM’N FOR EUR., *supra* note 115.

119. Abigail Beall, *Why Clothes Are So Hard to Recycle*, BBC FUTURE (July 12, 2020), <https://www.bbc.com/future/article/20200710-why-clothes-are-so-hard-to-recycle> [<https://perma.cc/J8V2-MA94>].

120. UNITED NATIONS ECON. COMM’N FOR EUR., *supra* note 115.

121. *Id.*

122. Teibel, *supra* note 117, at 624.

123. Harvey, *supra* note 103.

124. Harvey, *supra* note 105.

C. *Upcycling Is in Violation of the First Sale Doctrine*

By its nature, upcycling fashion involves taking pieces and transforming them into other items. Designers who partake in upcycling practice sustainability by altering items of clothing that are no longer being worn or used instead of discarding them. Upcycling can occur with or without the reuse of trademarks. In some cases, designers use leftover fabrics and textiles from old collections to create new collections.¹²⁵ Those leftover materials can come from their own studios or can be purchased from companies that collect and redistribute such scraps from other fashion houses.¹²⁶ For example, designer Priya Ahluwalia exclusively uses recycled garments when producing her collections.¹²⁷ Her work results in the creation of bright and colorful patchwork pieces that do not display the trademarks of other brands.¹²⁸ In other cases, upcycling does involve the selection and reuse of materials that bear another brand's trademark. Even more, some companies such as Designer Therapy and Shiver + Duke specifically create their upcycled products with the dual goal of practicing sustainability while achieving a designer look.¹²⁹ Naturally, in this case, the upcycled product somewhat relies on the presence of the designer brand's trademark in order to portray a luxe feel. This Part discusses those instances where upcycling uses materials containing other brands' trademarks.

"The caselaw supports the proposition that the resale of a trademarked product that has been altered, resulting in physical differences in the product, can create a likelihood of consumer confusion."¹³⁰ Upcycling involves the physical alteration of clothing items and accessories in a way that creates an entirely new product. Sometimes, the upcycled product is a product not even made by the designer of the original product. Therefore, under the *Champion Spark Plug* standard for used products, such alterations render the upcycled product so different from the original product that the differences become material. As such, courts applying this standard would likely find that upcycling currently constitutes trademark infringement. Upcycled products are materially different than the original products, and therefore are not covered by the first sale doctrine, but rather fall under the material difference exception.

The pieces sold by Shiver + Duke illustrate the material differences between original and upcycled products. The company sells a variety

125. *Id.*

126. *Id.*

127. *Id.*

128. See Ahluwalia, MATCHESFASHION US, <https://www.matchesfashion.com/us/womens/designers/ahluwalia> [<https://perma.cc/H8ZU-VHPB>].

129. See DESIGNER THERAPY, *supra* note 1; SHIVER + DUKE, *supra* note 9.

130. Davidoff & Cie, S.A. v. PLD Int'l Corp., 263 F.3d 1297, 1302 (11th Cir. 2001).

of necklaces and bracelets in its upcycled/repurposed collection.¹³¹ To make these pieces of jewelry, Shiver + Duke repurposed buttons from pieces of clothing initially sold by Chanel and Gucci, and placed those buttons on a chain to make necklaces and bracelets.¹³² In doing so, Shiver + Duke created a product bearing Chanel's registered trademark by taking used buttons from clothing and transforming them into jewelry. There is a strong argument that, because buttons from clothing are so different from pieces of jewelry, it would be "a misnomer for them to be designated by the original trademark."¹³³ It may thereby create a likelihood of confusion as to the origin of the product.

Moreover, upcycling generally meets several of the factors in the likelihood of confusion tests. Upcycling involves deconstructing authentic pieces of clothing to transform them into other items. Thus, when it involves using materials bearing a trademark, the mark being used in commerce is identical to that of the trademark owner. Often times, the upcycler uses the mark of a company that produces similar goods, the trademark owner's mark is strong, and the upcycled product is of inferior quality as compared to the quality of the trademark owner's product. As those are the factors present in most circuits' confusion tests, a trademark owner has a plausible claim for trademark infringement against upcycling that reuses the owner's trademark and brand identifiers. While, as we shall see, courts have not ruled whether the reuse of trademarks and brand identifiers in this context constitutes trademark infringement, claims of infringement have been filed. This threat of litigation, with its attendant expense and uncertainty, may chill upcycling.

D. *Upcycling in Litigation*

Cases, as opposed to legal theory, are illustrative in that they show the actual claims brought by the owners of trademarks against creators of upcycled products. Two recent cases demonstrate the arguments for and against upcycling as a violation of trademark law.

VNDS was a clothing brand based out of Los Angeles that promoted itself as providing "retro inspired custom apparel and accessories."¹³⁴ Among the items that it provided were pieces of clothing and accessories bearing Polo Ralph Lauren trademarks.¹³⁵ Some of the items appeared to be counterfeits, or unauthorized imitations, of Polo

131. See SHIVER + DUKE, *supra* note 9.

132. *Id.*

133. Nitro Leisure Prods., L.L.C. v. Acushnet Co., 341 F.3d 1356, 1363 (Fed. Cir. 2003).

134. *Ralph Lauren Files Suit Against "Custom" Apparel Maker in Light of the Continued Rise of Fashion "Bootlegs,"* THE FASHION LAW (Jan. 16, 2020), <https://www.thefashionlaw.com/ralph-lauren-files-suit-against-custom-apparel-maker-in-light-of-the-continued-rise-of-fashion-bootlegs/> [<https://perma.cc/6MS8-AM7Y>].

135. *Id.*

Ralph Lauren pieces from the 1990s.¹³⁶ However, others were being marketed as upcycled from authentic Polo Ralph Lauren items.¹³⁷ For example, VNDS sold a longbill hat that it “[u]pycled from vintage authentic Polo Sport swim shorts.”¹³⁸

Polo Ralph Lauren brought an action against VNDS and its owner, Brandon Nall, for trademark infringement and counterfeiting.¹³⁹ For more than fifty years, Polo Ralph Lauren has provided its customers with high-quality apparel and accessories.¹⁴⁰ Polo Ralph Lauren’s products all prominently display its trademarks, which help symbolize the “high quality and prestige” of the brand.¹⁴¹ Polo Ralph Lauren asserted that VNDS sold its products “in an effort to exploit Ralph Lauren’s reputation in the market established in the RALPH LAUREN Trademarks and Ralph Lauren Products.”¹⁴² Because VNDS and Nall failed to respond, Polo Ralph Lauren’s motion for default judgment was granted.¹⁴³ The court enjoined VNDS and Nall from manufacturing, advertising, promoting, distributing, or selling products with Polo Ralph Lauren’s trademarks; passing off products that are not Polo Ralph Lauren’s genuine items as genuine; or committing any other acts which falsely represent that VNDS’s products are licensed, authorized, produced or sponsored by, or in any other way associated with Polo Ralph Lauren.¹⁴⁴ Further, the court awarded Polo Ralph Lauren \$800,000 in statutory damages.¹⁴⁵ Because VNDS failed to respond, there is no opinion from the court addressing the issues alleged in the pleadings.

In February 2021, Louis Vuitton Malletier (“Louis Vuitton”) filed a similar lawsuit against Sandra Ling and her company, Sandra Ling Designs (“SLD”).¹⁴⁶ SLD created upcycled products bearing Louis Vuitton’s trademarks, such as beanies, key chains, and jackets.¹⁴⁷ Louis Vuitton alleged in its complaint that those upcycled products were “manufactured, in whole or part, from material obtained from purportedly authentic pre-owned, disassembled, and deconstructed Louis Vuitton items” and “purportedly authentic pre-owned Louis Vuitton items that have been fundamentally altered by the addition of

136. *Id.*

137. *Id.*

138. *Id.*

139. Complaint at 2, PRL USA Holdings, Inc. v. VNDS Los Angeles, No. 2:20-cv-00374-CBM-(PJWx) (C.D. Cal. Jan. 14, 2020).

140. *Id.* at 3.

141. *Id.*

142. *Id.* at 15.

143. Order Granting Plaintiff’s Motion for Entry of Default Judgment at 2, PRL USA Holdings, Inc. v. VNDS Los Angeles, No. 2:20-cv-00374-CBM-(PJWx) (C.D. Cal. Dec. 9, 2020).

144. *Id.* at 3.

145. *Id.* at 2.

146. Louis Vuitton Complaint, *supra* note 81, at 1.

147. *Id.* at 16–17.

decorations such as tassels, stones, or beading.”¹⁴⁸ Louis Vuitton further alleged that those alterations and additions resulted in the creation of items that are “no longer genuine Louis Vuitton products, but are instead material alterations of Louis Vuitton products.”¹⁴⁹ Further, Louis Vuitton claimed that consumers that encounter SLD’s products are likely to “mistakenly believe that these products are Louis Vuitton products, or are authorized, sponsored, approved, endorsed or licensed by Louis Vuitton, or are otherwise affiliated, associated, or connected with Louis Vuitton.”¹⁵⁰ According to Louis Vuitton, this mistaken belief would result in both point-of-sale confusion and post-sale confusion.¹⁵¹ Louis Vuitton brought claims of trademark infringement, false designation of origin and unfair competition, and dilution.¹⁵²

In its answer to Louis Vuitton’s complaint, Sandra Ling and SLD denied the claims brought against them, further stating that there “is no likelihood of confusion as to the source of SLD’s upcycled goods,” that Louis Vuitton “has sustained no harm, irreparable or otherwise, from [SLD’s] upcycling of used and discarded, genuine and authentic [Louis Vuitton] products,” and that customers of SLD “would not readily or reasonably think that SLD’s upcycled goods are sourced from or sponsored or approved by [Louis Vuitton], or that they need to be approved by [Louis Vuitton], since they are upcycled (or recycled) goods, made from genuine, authentic, used and discarded products.”¹⁵³

Following a mediation, the parties in the case came to a resolution—Sandra Ling and SLD made an offer of judgment, and Louis Vuitton accepted.¹⁵⁴ Specifically, Sandra Ling and her company agreed to pay Louis Vuitton \$603,000 in attorney’s fees and costs and to be enjoined from producing or selling products bearing Louis Vuitton’s trademarks.¹⁵⁵ The offer specifies that it should not be “construed as an admission that either or both Defendants are liable in this action, or that the Plaintiff has suffered any damage.”¹⁵⁶

PRL USA Holdings, Inc. v. VNDS Los Angeles and *Louis Vuitton Malletier v. Sandra Ling Designs* are two of the few cases brought by major fashion companies against upcyclers that have concluded. Both

148. *Id.* at 16.

149. *Id.*

150. *Id.* at 17.

151. *Id.*

152. *Id.* at 21–23.

153. Defendants’ Answer, Affirmative Defenses and Counterclaims to Plaintiff’s Complaint at 15–16, *Louis Vuitton Malletier, S.A.S v. Sandra Ling Designs, Inc.*, No. 4:21-cv-00352 (S.D. Tex. Sept. 7, 2021).

154. Notice of Acceptance of Offer of Judgment at 1–6, *Louis Vuitton Malletier, S.A.S v. Sandra Ling Designs, Inc.*, No. 4:21-cv-00352 (S.D. Tex. Oct. 3, 2022).

155. Judgment at 1, *Louis Vuitton Malletier, S.A.S v. Sandra Ling Designs, Inc.*, No. 4:21-cv-00352 (S.D. Tex. Dec. 1, 2022).

156. *Id.*

cases, though resolved in different manners, are informative—both illustrate the legal claims brought by fashion companies in response to upcycling, and one outlines an upcycler’s defenses to those claims.¹⁵⁷ However, neither case provides us with a court’s decision on the merits. *Louis Vuitton Malletier v. Sandra Ling Designs* was arguably more likely to be decided on the merits, as the defendants were actively disputing the allegations, but the plaintiff ultimately agreed to the defendants’ offer of judgment, a Rule 68 settlement agreement.¹⁵⁸ These cases leave other upcyclers without guidance regarding the legality of their conduct, a position that is less than ideal. Litigation is extremely costly, and the threat of lawsuits alone could deter designers from engaging in upcycling at all.

As the fashion industry and the environmental problems caused by it continue to grow, consumers will continue to look for ways to be sustainable in their fashion choices, and upcycling gives consumers such an option. These cases (and the lack of decisions on the merits) present an important question that needs resolution: If one of the main goals of the Lanham Act is preventing customer confusion, and upcycled products can be manufactured and sold in a way such that there is no likelihood of confusion, is it possible for upcycling to lawfully exist in trademark law? A congressional amendment to the Lanham Act that creates an affirmative defense for upcyclers would provide resolution to this question and eliminate the uncertainty created by default judgments, offers of judgment, or settlements. The amendment would ensure consistent application in cases involving upcycled products.

IV. THE NEED FOR CHANGE

A. *Proposed Amendment to the Lanham Act—The Upcycling Exception*

This Comment proposes that Congress should amend the Lanham Act to create an affirmative defense to claims of trademark infringement for upcycled products (the “Upcycling Exception”).

1. The Legal Definition of Upcycling

Upcycling in fashion can take on many forms. For the purposes of this proposed amendment, an upcycled product is created when it is made using materials from a pre-owned item that has been decon-

157. See *supra* notes 134–56 and accompanying text.

158. See *Offer of Judgment*, BLACK’S LAW DICTIONARY (11th ed. 2019) (defining an offer of judgment as “[a] settlement offer by one party to allow a specified judgment to be taken against the party”); see also FED. R. CIV. P. 68(a) (“[A] party defending against a claim may serve on an opposing party an offer to allow judgment on specified terms, with the costs then accrued.”).

structed. Additionally, because this is an affirmative defense to a trademark infringement claim, the material taken from the deconstructed pre-owned item must bear a trademark. In other words, to create an upcycled product, one must: (1) acquire a pre-owned item, (2) which bears the original brand's trademark, (3) deconstruct the pre-owned item, and (4) use the deconstructed materials bearing the original trademark in order to create or add on to another item. The resulting item must be clothing, footwear, accessories, or jewelry. Excluded from this definition are pre-owned items that are simply modified. For example, a pre-owned pair of white Nike Air Force 1 sneakers painted blue would not constitute an upcycled pair of shoes. Similarly, for example, a Guess t-shirt tie-dyed with bleach, though modified, would not be considered an upcycled product. Such uses fail both the third and fourth parts of the proposed definition of upcycled products. They do not deconstruct the preowned item, nor use it to create something new. As a result, existing trademark law would resolve whether selling that pair of shoes or t-shirt would constitute trademark infringement. The proposed statutory amendment would not address such uses.

The following example provides an illustration of the definition of an upcycled product. Designer Therapy creates necklaces using pre-owned designer buttons, which feature the designer companies' trademarks, and the buttons come from pieces of clothing that are no longer worn.¹⁵⁹ Designer Therapy's jewelry pieces meet the definition of upcycled products because Designer Therapy (1) acquires pre-owned clothing items, (2) that bear the trademarks of the original brand, and then (3) deconstructs the item to (4) use the buttons, which bear the original brand's trademark, to create pieces of jewelry.¹⁶⁰

2. The Elements Required to Raise the Upcycling Exception

There are several elements that an upcycler would need to meet in order to successfully raise the Upcycling Exception as an affirmative defense. First, the upcycler must conspicuously feature on the product—on a tag if the item is sold in a brick-and-mortar store, or on the item's webpage if sold on the internet—a statement indicating that a portion of the upcycled product was sourced from a genuine pre-owned item. That statement must include the name of the brand of origin, as well as identify which portion of the upcycled product comes from a pre-owned item. Second, the upcycler must also include a statement—again, clearly visible on a tag or on the product's webpage—that indicates that the upcycler made and assembled the upcycled product, that the upcycler has no affiliation with the brand of origin, and that the finished product itself is not a product that was

159. DESIGNER THERAPY, *supra* note 1.

160. *Id.*

made or sold by the original brand. Third, the upcycler must authenticate the pre-owned items. It is not required that the upcycler verify the material's authenticity in order to sell the product to its customer; however, in order to successfully claim the Upcycling Exception as a defense in a trademark infringement lawsuit, the upcycler bears the burden of providing evidence that the materials used are authentic.

B. *The Upcycling Exception Promotes the Goals of the Lanham Act and Sustainability*

The primary goal of the Upcycling Exception is to find an in-between in furthering the principles underlying the Lanham Act while also rewarding sustainable practices in the fashion industry. The main purpose of the Lanham Act is to protect both the interests of consumers and trademark owners.¹⁶¹ The Act protects consumers from being confused or deceived as to the origin of goods or services.¹⁶² Trademark owners spend incredible amounts of money, time, and work on building their brand and reputation, and the Lanham Act protects them from the misappropriation of their trademarks by those who wish to take advantage of the goodwill established with their customer base. The Upcycling Exception aims to serve both of those purposes in its pursuit of promoting sustainable fashion practices.

The Upcycling Exception protects consumers from point-of-sale confusion because of its disclosure requirements as to the source and origin of the upcycled product's materials. The requirements closely follow the kinds of statement that several courts have said remove point-of-sale customer confusion. In *Prestonettes v. Coty*, the Court indicated that placing the following label eliminated the likelihood of confusion: "'Prestonettes, Inc., not connected with Coty, states that the contents are Coty's [giving the name of the article] independently rebottled in New York,' every word to be in letters of the same size, color, type and general distinctiveness."¹⁶³ Similarly, in *Major League Baseball Players Association v. Dad's Kid Corp.*, the court held that the defendant, Dad's Kid, did not infringe on Major League Baseball Players Association's ("MLBPA") trademark rights because its disclaimers eliminated any likelihood of consumer confusion.¹⁶⁴ In this case, Dad's Kid repurposed three authenticated baseball cards made by MLBPA's licensees and turned them into a Tri-Card, a card with a 3D effect.¹⁶⁵ The Tri-Card contained the trademarks of the MLBPA's licensees, the MLB, and the MLBPA.¹⁶⁶ Each card was mounted on a

161. See *supra* notes 20–22 and accompanying text.

162. Keats, *supra* note 23, at 713.

163. *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 367 (1924).

164. *Major League Baseball Players Ass'n v. Dad's Kid Corp.*, 806 F. Supp. 458, 459–60 (S.D.N.Y. 1992).

165. *Id.* at 459.

166. *Id.*

plastic frame and placed in packaging. The plastic frame¹⁶⁷ and packing¹⁶⁸ each bore their own disclaimer. The court held them sufficient to eliminate consumer confusion, stating that there was “no likelihood that anyone will be confused as to origin by reason of Dad’s Kid’s treatment of genuine cards.”¹⁶⁹

The disclosures included in the Upcycling Exception have legal support. However, there are instances in which some courts have found disclaimers sufficient to remove confusions, while others interpreting the same facts have ruled differently.¹⁷⁰ Likelihood of confusion is something that is interpreted slightly differently in every circuit.¹⁷¹ Thus, this amendment is important to state that, as a matter of law, disclosures in this context are sufficient because they eliminate the likelihood of confusion. The adoption of the proposed amendment would allow for consistent results in trademark infringement suits brought against upcyclers.

Though the Upcycling Exception seeks to eliminate the likelihood of point-of-sale confusion, it does not have requirements that diminish the possibility of post-sale confusion. It is possible that trademark owners are harmed by upcycled products because of their inferior quality. However, it is also possible that the post-sale observation of upcycled products brings publicity to the trademark owner. Further, upcycling often involves the use of well-known luxury trademarks, and the consumers observing the upcycled product generally have a high enough level of sophistication to discern the attributes belonging to luxury items. Therefore, some post-sale confusion may occur, but it will have to be tolerated for the furtherance of upcycling and sustainability.

The Upcycling Exception also furthers the Lanham Act’s goal of protecting trademark owners from those who seek to take advantage of the goodwill and reputation signified by the trademark. Because this is an affirmative defense, it does not give just anyone who upcycles a free pass to use materials bearing the trademarks of other brands. It provides a defense to those who actively prevent their consumers from being deceived or misled as they engage in fashion prac-

167. *Id.* (“Dad’s Kid has printed the additional disclaimer on each Tri-Card’s plastic frame: ‘TRI CARDS™ are manufactured by Dad’s Kid Corp. of Newport Beach CA. Dad’s Kid Corp. and TRI CARDS™, are not affiliated with, endorsed or sponsored by [MLBPA’s licensees], [MLB], or [MLBPA].’”).

168. *Id.* (“TRI CARDS™ are manufactured by Dad’s Kid Corp. utilizing its 3-D laser die-cutting process on cards previously manufactured and sold by various companies including [MLBPA’s licensees]. Dad’s Kid Corp. disclaims any copyright or trademark rights with respect to the previously manufactured cards used by it to create TRI CARDS.™”).

169. *Id.* at 460.

170. *Compare* Home Box Office v. Showtime/The Movie Channel, 665 F. Supp. 1079, 1086 (S.D.N.Y. 1987), *with* Home Box Office, Inc. v. Showtime/The Movie Channel Inc., 832 F.2d 1311, 1316 (2d Cir. 1987).

171. Bone, *supra* note 89, at 1315.

tices that help the environment. The Exception also only applies to those who can prove the authenticity of the materials they procure—counterfeiting is not tolerated or encouraged by the Exception.

Admittedly, it is possible for some upcyclers to acquire genuine pre-owned items and have the intent to take advantage of the goodwill signified by a brand's trademark. The Upcycling Exception, therefore, does not completely and unequivocally serve both goals of the Lanham Act. The proposal is the result of a balancing of trademark principles on the one hand and the incentivization of sustainable fashion practices on the other. This balancing process results in a small detriment to the trademark owner, but that detriment is overshadowed by a need to incentivize sustainable manufacturing in fashion.

Moreover, there are already in existence trademark doctrines that balance consumers' rights against those of trademark owners. The first sale doctrine limits the rights of trademark owners to control the distribution of their work beyond the first sale.¹⁷² The rule "narrows the rights of the creator of intellectual property by creating competition between the creator and the reseller of the work."¹⁷³ Additionally, the first sale doctrine "follows the specific intellectual property policy limiting rights to the extent necessary to produce incentives necessary to encourage creative activity."¹⁷⁴ Sacrificing a small portion of a trademark owner's rights because of a competing interest is not a new concept. The Upcycling Exception places a priority on the rights of consumers as well as the benefits that upcycling contributes to the fashion industry and the environment. And it only limits trademark owners' rights to the extent necessary to produce incentives to encourage sustainable sourcing and fabrication practices. The manufacturing process involved in the creation of upcycled pieces is nearly zero waste, and it prevents pieces from ending up in landfills by extending their time spent in circulation. The Upcycling Exception seeks to promote and incentivize this sustainable practice.

V. CONCLUSION

Under our current statutes and common law doctrines regarding trademarks, most iterations of upcycling would probably constitute trademark infringement. The proposed amendment to the Lanham Act provides upcyclers a means to defend against trademark infringement claims. The elements required in the affirmative defense comport with trademark law principles. Primarily, they remove the likelihood of consumer confusion and deception as to the source of the goods at the point-of-sale. The Exception also leaves trademark owners with some recourse, as upcyclers must prove all elements of

172. Barnes, *supra* note 37, at 461.

173. *Id.*

174. *Id.* at 462.

the affirmative defense to prevail. Upcycling is a solution to the great toll that the production of new textiles and clothing has on the environment. Sustainability efforts are needed now more than ever, and upcycling has been a growing trend in response to that need. Congress should protect this practice and incorporate it into trademark law. Sustainable efforts that do not frustrate the purposes of the Lanham Act should be rewarded with statutory protection.