

Blog Post

What's in a Name: SDNY Grants Preliminary Injunction Enforcing Contractual Bar Against Designer's Use of Her Own Name

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In a fifty-seven-page memorandum opinion and order, the United States District Court for the Southern District of New York granted a fashion brand its motion for a preliminary injunction preventing its lead designer from using her given name commercially and on her social media accounts. *JLM Couture, Inc. v. Hayley Paige Gutman*, 20-CV-10575-LTS-SLC (S.D.N.Y. 2021), enforcing the terms of an employment agreement.

FACTS

In 2011, the defendant “Say Yes to the Dress” designer Hayley Paige Gutman (“Gutman”) agreed to work for the plaintiff JLM Couture (“JLM”), a company in the luxury bridal gown industry, as a gown designer. The employment contract provided that Gutman was to “assist with advertising programs” and, crucially, granted JLM exclusive rights to use and trademark the name “Hayley Paige” and any variations thereof. JLM exercised its rights under the contract and federally registered the trademark HAYLEY PAIGE and various derivatives.

JLM then launched successful HAYLEY PAIGE lines of gowns and accessories and, pursuant to the terms of the agreement, used Gutman’s name to sell and

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advertise clothing designed by her, including launching social media pages for the brand on Instagram. Gutman assisted in maintaining those accounts. The brand grew and JLM obtained cross-marketing agreements and tie-ins to capitalize on Gutman's growing recognition.

Although JLM created Gutman's Instagram account in 2012 for the purposes of promoting the HAYLEY PAIGE brand, in fact, Gutman had Facebook, LinkedIn, and Twitter accounts — all using the name Hayley Paige — before her employment with JLM. The Instagram account, like the earlier accounts, displayed aspects of Gutman's life and personality. The marketing strategy was to combine the personality with the brand. Indeed, the Instagram account's unique blend of product and Gutman's personality was a big part of JLM's strategy "because then brides feel closer to the brand."

The parties' relationship soured. In November 2019, Gutman changed the access credentials for the Instagram account and did not share them with JLM. In July of 2020, Gutman entered into an "influencer" deal with a salad dressing company and used the Instagram account to promote those products. Later, Gutman used the Instagram account to promote a nutritional supplement of another third party. By November of 2020, Gutman informed JLM that she would not be posting any JLM related business to the Instagram account. She then announced publicly, on different social media accounts, the end of her business relationship with JLM.

JLM sued and obtained a temporary restraining order directing Gutman to turn the Instagram account and other social media accounts over to it. In its motion for a preliminary injunction, JLM essentially asked the court to grant it control over all of the social media accounts, prohibiting Gutman from competing against JLM in the bridal wear space, and prohibiting Gutman from using the HAYLEY PAIGE trademarks on any goods.

OPINION

The court began by noting that the contract was unambiguous. The “Term” of the contract could be extended unilaterally by JLM and could not be terminated by Gutman. Therefore, the contract — except for the provisions governing the performance of personal services — could be enforced even after Gutman announced her resignation from JLM.

The court then noted that the contract granted JLM “the exclusive world-wide right and license to use her name ‘Hayley,’ ‘Paige,’ ‘Hayley Paige Gutman,’ ‘Haley Gutman,’ ‘Hayley Paige,’ or any derivative thereof (collectively the ‘Designer’s Name’) in connection with the design, manufacture, marketing, and/or sale of bridal clothing....” The court found that this unambiguously transferred Gutman’s name to JLM for use in connection with bridal goods. The court reasoned that JLM’s rights under this provision applied not only to the trademark as affixed to the goods, but also on the Instagram account. Gutman’s use of the Instagram account to promote third party goods thus breached this provision of the agreement. “Under the unambiguous terms of Section 10(b), Ms. Gutman has ‘no right to the use of ...[misshayleypaige] in trade or commerce during the Term of any time thereafter’ without JLM’s consent.”

The court also agreed with JLM that Gutman breached her duties to assist with advertising, which was understood to include assisting with social media promotional efforts as a lead designer. The court accepted JLM’s evidence that Gutman was not only expected to assist with social media promotional efforts as a lead designer, but that the display of her personality in such promotion was an important part of the success of the brand. “Accordingly, there is substantial credible evidence, and the Court finds for the purposes of this preliminary injunction motion practice, that promoting the [“Hayley Paige”] brands on the Account was commensurate with Ms. Gutman’s

position as lead designer and was a duty assigned to her by Plaintiff's authorized personnel."

The court went on, noting that JLM carried its burden of proving likelihood of success that Gutman conveyed to JLM any rights she had created in the bridal business-related material she created for the Instagram account. Not only was such content conveyed in the contract, but the court also found that it was a work made for hire under the Copyright Act because the material was prepared by Gutman within the scope of her employment.

JLM also obtained preliminary injunctive relief prohibiting Gutman from using her name to promote any goods or services of others, including on social media or appearances on television or other media. This prohibition was explicit under the employment contract, but was also reasoned to be required under principles of trademark law. Since Gutman assigned all trademark rights to her name to JLM, and JLM owned federal and common law trademark rights to the name, Gutman's use of her birth name in commerce was likely to cause consumer confusion with JLM's products.

Ultimately, the court held that JLM demonstrated "a clear showing of its likely success on the merits of the contract and trademark claims," as required for injunctive relief. Moreover, the bridal company established that "enjoining Ms. Gutman's control of the [Hayley Paige] social media accounts" and the Hayley Paige name "in commerce during the pendency of this litigation serves the public interest," and "will protect [its] trademark rights, prevent consumer confusion, and enforce the contract against Ms. Gutman's ongoing and imminent willful violations."

As a result, the court enjoined Gutman from using and/or making any changes to the Hayley Paige social media accounts; using the Hayley Paige "name, trademarks and any derivatives or anything confusingly similar in trade or commerce;" and

“engaging in or associating with any person or entity engaged in design, manufacture marketing or sale of goods in categories competing with JLM” for the duration of the case.

This case presents a more modern, social-media twist to what happens when a designer launches a successful brand and then leaves the companies that bear their own names. Judging by the responses of Gutman’s fans on social media, this situation also sheds light on the potential public relations pitfalls that come with such legal battles.

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