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Article



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## HOW BRANDS SHAPE FASHION FOR RUSSIAN WOMEN

**Abstract:** *this article presents the main provisions regarding the protection of exclusive rights to design in the field of fashion. The issue of classifying fashion design objects as objects of copyright protection within the meaning of Article 1259 of the Civil Code of the Russian Federation is analyzed. Special attention is paid to the features and importance of legal protection of the brand. Attention is drawn to the experience of legal regulation of foreign countries in this area. The positions of the courts on this issue are analyzed, as well as the problems of law enforcement arising in this area. The work contains proposals based on the provisions of legislation and judicial practice of foreign countries for improving the legislation of the Russian Federation in the field of intellectual property to ensure effective protection of rights to design solutions in the fashion industry. The article is devoted to the issues of change in the global fashion industry. The directions of evolution of the global fashion industry in the context of digital transformation of the industry are explored. The characteristic features of changes in the activities of leading companies in the industry, generated by unprecedented changes in the external environment, are considered. It was revealed that the flexibility of companies, rapid response to supply chain problems and changes in demand, as well as the widespread use of digital technologies formed the basis of the success of leading firms in the fashion industry. The trends emerging in the global fashion market are considered.*

**Key words:** *design, fashion, brand, protection of design rights, exclusive design rights, patent, globalization, fashion industry, global clothing market, transnational corporations, fashion industry TNCs, digital transformation.*

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### Introduction

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Today, the fashion industry is an independent sector of the economy, the global market volume of which is about two trillion dollars. We can say that fashion, like information technology, is a dynamically developing creative industry with a colossal global market volume. This industry has its own specifics, which distinguishes it from other areas of the creative economy and which, of course, affects the legal issues that arise for companies and designers in this area.

The most important distinguishing features of a business in the fashion industry: the short life cycle of products, the dependence of design on function and trends, short deadlines for creating collections, as well as the importance of the personality of the designer or the cultural heritage of the brand, which influences both approaches to promotion and positioning of the brand, and for example, structuring corporate transactions in the fashion sector.

Currently, the field of design development is in a stage of active development. More and more new design solutions are appearing. The emergence of new participants in this area causes increased competition, which in turn leads to the need to protect copyrights and intellectual property in this industry. And here the issue of legal security for the protection of exclusive rights to design in the field of fashion becomes acute. Design decisions in the fashion industry as objects of copyright are part of “fashion law” and, before moving on to a discussion of design decisions themselves, it is necessary to define the concept of fashion law. Fashion law, also known as clothing law, is a new legal discipline that covers issues related to the life of clothing from the concept of creation to brand protection.

The idea of creating a design object in the field of fashion and its actual implementation can certainly be classified as intellectual property. Both individuals and legal entities working in the fashion industry can own such objects.

In this area, an important issue is the legal protection of objects that can be classified as industrial property (for example, specific models of clothing, inventions or specific trademarks, “brands”). At the same time, many issues are legislatively regulated at a fairly high level: features of registration of industrial designs, terms of their protection, payment of duties, etc. The issue of classifying fashion design objects as objects of copyright protection within the meaning of Art. 1259 of the Civil Code of the Russian Federation (hereinafter referred to as the Civil Code of the Russian Federation) is controversial in practice; protecting such objects is also difficult for a number of reasons, namely:

— the emergence of copyright is associated with the moment of creation of the object. The legislation does not trace the connection between the moment of

creation of an object and certain circumstances (for example, publication of information in a magazine), which greatly complicates the proof of authorship for the copyright holder;

— copyright is not able to protect the copyright holder in a situation where another person presents evidence of the creation of a similar design at the same time as a result of independent creative activity. As an example, we can cite the situation of parallel creation by two fashion designers of accessory models that are distinguished by similarity or identity;

- If we are talking about reworking an existing design by making minor creative changes, copyright does not apply.

Currently, the most effective ways to protect intellectual rights in the fashion industry are:

— patent for an industrial design (when the unique design of clothing, shoes, hats, that is, their appearance and shape is protected);

— registration of a trademark (when the print of clothing or the brand name is protected).

A brand for a designer or fashion house is probably the most important intangible asset. However, in practice, especially among young designers, protection of a brand as a trademark is rarely resorted to. Many designers who use their name as a brand believe that in this case registration is not required. However, if a competitor appears on the market using the same or similar brand for which a trademark registration certificate has been obtained, it will be extremely difficult to prohibit the competitor from using this brand. Thus, obtaining a trademark registration certificate is a necessary and justified condition for the subsequent safe development of the brand.

An industrial design patent is a reliable way to protect the rights to the created result of creative work. However, the characteristic features of clothing design make this method unclaimed in this industry. Thus, the long period of registration as an industrial design and the rapid change of trends in the fashion industry in practice mean that there is no need to patent the design of such objects, which in turn leads to the insecurity of designer collections.

The relevance of design in the market is limited by time frames, which necessitates the need to provide legal protection promptly. The registration process is characterized by its length and high cost. It seems that at the present stage, when seasonal collections change regularly, and the emergence of new design solutions is almost continuous, the deadlines for registering industrial designs in the studied measure should be shorter than those currently established.

In this study, it is advisable to turn to the experience of foreign countries in the issue of legal protection of intellectual property in the fashion industry. It seems possible to refer to the legislation of the USA, Great Britain, and the European Union (hereinafter referred to as the EU), since it contains

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provisions that could be accepted by the domestic legislator in the field of protection of clothing design. The system for the protection of industrial designs in the EU is regulated by Directive No. 98/71 on the legal protection of industrial designs of 1998, as well as Regulation No. 6/2002 on the EU Industrial Design of 2001. The EU Regulation establishes two regimes for the legal protection of designs:

- through an unregistered EU industrial design;
- through a registered EU industrial design.

At the same time, the first regime is of particular interest in the context of the study, since it is a unique development of the European legislator.

EU legislation provides protection for Unregistered Community design subject to a number of conditions: public disclosure in an EU state. If, after a year from the date of publication, the interested person has not applied for registration of an industrial design, then his right to file such an application is terminated. The object in this case receives legal protection only as an unregistered design. If violations have been identified, the copyright holder must prove the following circumstances, namely:

— date and place of disclosure of the design for the first time;

- confirm that the design was actually disclosed earlier (this applies to a greater extent to individual designs);

- confirm that the circle of potentially interested persons, if we talk about the professional community, was aware of the disclosure of the design;

— confirm that the alleged manufacturer of the counterfeit product copied the design of the copyright holder.

The protection of unregistered designs is based on the general legal provisions regarding design as an object receiving legal protection:

- novelty;
- individual character.

The latter means that the overall impression of the design on an informed consumer is different from the overall impression on that consumer by any design that has been made public to date.

If we are talking about an unregistered design, then the period of time begins to run not from the moment it is registered, but from the moment the design is publicly disclosed. In the absence of registration of a design, but provided it is properly communicated to the public, its legal protection is limited to a period of three years from the date of its disclosure, without the possibility of extension. Such a short period of legal protection is due to the focus specifically on the fashion industry, in which the life cycle of products is extremely insignificant; it is during this period that the design has commercial value, thus registering dynamically changing fashion trends is not justified.

Thus, fashion designers have the opportunity to submit a single application for registration of several

industrial designs. Registration requires compliance with a number of conditions: the designs for which legal protection is established must belong to the same class. In other words, EU legislation establishes the possibility of registering the entire designer collection, which includes both clothing and shoes, as well as accessories. If the applicant's design meets the requirements for novelty and originality, then it is provided with legal protection from copying for a three-year period from the date of publication of information about it (another method of disclosure of information provided by law).

The “unregistered industrial design” mode, taking into account the average duration of trend changes in the fashion industry, as well as the high costs of registering an industrial design, allows the designer to analyze demand, assess the future fate of the design, and, as a result, decide on the need to obtain a patent for it. At the same time, the copyright holder's design is protected by law from the possibility of copying, since it is provided with a grace period of three years of protection.

UK law provides for automatic design protection for a period of ten years from the date of first sale, or for fifteen years from the date of creation. However, this rule applies to three-dimensional designs. An example is the case of Karen Millen. Karen Millen was accused of copying the design of three women's shirts by Dunns Stores. Refuting the applicant's arguments, Dunns Stores insisted that the disputed products do not have individual characteristics; the burden of proving the opposite, in Dunns' opinion, lies with the applicant. The courts of all levels supported the applicant's arguments and ruled in favor of Karen Millen. Court decisions note that the copyright holder does not have the obligation to prove the individual character of the design, but he must indicate the characteristics that constitute the individual character of the design. Considering that each of the elements used in Karen Millen's products were famous individually, in their combination they formed an individual characteristic. Notably, in the case of John Kaldor Fabricmaker UK Ltd v Lee Ann Fashions Ltd. The court did not deny the fact that the print of the plaintiff's and the defendant's fabrics produced the same impression, however, the claim was denied because the plaintiff was unable to prove that the defendant did not create his design independently.

In another case, G-Star Raw CV v Rhodi Ltd, the court explicitly stated that the assessment of a design case differs from similar procedures in respect of copyright. In this case, the burden of proving that the jeans model was copied was removed from the plaintiff, since he was able to prove substantial similarity. In the United States, there is no legislation regulating the legal protection of designs, with the exception of design patents, the acquisition of which, as noted above, is not always advisable, and in the United States such an opportunity is also limited by

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significant registration costs. At the same time, during the period from 2017 to 2019, three bills HR 2033, S. 1957 and HR 2196 were proposed for consideration by the US Congress, the adoption of which could give clothing design protection “sui generis” for a three-year period. In US judicial practice, one can find examples of the protection of designs that have not been registered. In particular: the case of National Theme Productions, Inc. v. Jerry B. Beck, Inc. and Whimsicality, Inc. v. Rubie’s Costumes Co. Inc. The court, when deciding the case, recognized that fancy dress costumes have a different purpose from everyday clothing, and restrictions cannot be placed on the designer’s freedom of creativity based on the functional purpose of the item. For this reason, masquerade costumes were recognized as protective. The court noted that functional, utilitarian elements are not protected by copyright, however, with regard to fancy dress, the situation is completely opposite. In other cases, protection as a clothing trademark is possible.

In Russia, legislation provides for the possibility of registering an industrial design within a period of 12 months from the date of disclosure of information about it (clause 4 of Article 1352 of the Civil Code of the Russian Federation). At the same time, legal protection of an industrial design is not provided for by domestic legislation during this period. In this regard, EU legislation seems to be the most adequate to modern realities in the field of providing legal protection to objects of the fashion industry. The domestic legislator can be recommended to increase the grace period, as well as provide legal protection during its validity. Currently, fashion design protection is not very effective. In addition, taking into account the specifics of the legal protection of fashion design, it seems necessary to create, with the support of the state or the National Chamber of Fashion, a special organization that would protect the rights of designers on a regular professional basis.

Globalization and integration processes, liberalization of international trade, and the deployment of the information revolution have led to the formation of a global fashion clothing market.

The global fashion industry is a product of modernity, covering the global textile industry, including the production of textile goods, in particular raw materials, mainly fibers, yarns, fabrics and non-wovens, leather and fur, as well as the clothing industry including the production of ready-made clothing by designers, manufacturers, contractors, marketing of clothing in the form of advertising and promotion, wholesale/retail sales and e-commerce of clothing.

The coronavirus pandemic has had a serious impact on the global economy. Dramatic changes in the external environment, combined with structural problems generated by the rapid growth of digital technologies, have exacerbated the problems of

competitiveness of both national and large international companies. Weak consumer demand has led to lower revenues for fashion brands and clothing retailers, which have been forced to reduce, postpone or even withdraw orders for clothing production in established value chains, due to reduced import orders for yarn, textile fabrics and cotton knitted fabrics and chemical fibers along the chain has led to problems in the global textile industry.

The research question of the work is formulated as follows: to study the prospects for the global fashion industry after the pandemic based on an analysis of emerging trends and under the influence of the main factors of change.

Sustainable design is an approach to the design of products, systems and processes that takes into account the environmental, economic and social aspects of sustainable development. The goal of sustainable design is to create products that minimize negative environmental impacts, provide economic efficiency and ensure social equity.

A sustainable design approach may include the use of environmentally friendly materials and energy-saving technologies, maximizing resource efficiency, considering the product’s life cycle and its environmental impact, ensuring product safety and accessibility for all types of users, and taking into account social and cultural aspects. Sustainable design can be applied in a variety of fields, including architecture, engineering design, industrial design, packaging design, manufacturing, and others.

The concept of sustainable design has only become widely known in the last few decades, although its history goes back more than half a century. The idea of sustainable design arose in response to humanity’s growing awareness of the need to take care of natural resources and reduce the negative impact of human activities on the environment.

Sustainable design in design began to develop in the 1960s in the context of growing awareness and need to conserve natural resources. This design approach includes the use of environmentally friendly materials, reducing energy and water use, increasing usability, increasing product life, reusing and recycling waste. This allows for more efficient and sustainable products to be created.

German designer Dieter Rams developed 10 principles of good design that not only created aesthetically pleasing products, but also took environmental, economic and social aspects into account. Rams emphasized the importance of creating products that would last a long time, be functional, and be resistant to changes in fashion and technology.

In the 1980s, a boom in environmentally friendly products began, and eco-design began to gain popularity. But at that time, this design remained more of an experimental approach than an industry standard.



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The idea of sustainable design only gained mainstream acceptance in the 1990s when the International Council for Design (ICSD) incorporated sustainable design into its programs and projects. In 1992, the UN Conference in Rio de Janeiro adopted Agenda 21, which recognized sustainable design as an important element of the sustainable development strategy.

In the past, design has focused on performance and economics, leading to the mass production of many products that are not environmentally and socially compliant. Over time, there has been a realization that it is necessary to take into account all the consequences of manufacturing a product throughout its entire life cycle, not just its cost and performance.

In the 1970s, sustainable design began to develop as an independent scientific discipline. Several organizations, such as The Society for Environmental Graphic Design and The Green Building Council, were created to study environmental problems and try to solve them through design. One of the first known sustainable design projects was a model car developed by engineer and inventor Victor Papani in 1942. Its Aerodynamic Car model used a number of sustainable design features, such as a body shape optimized to minimize air resistance and the use of composite materials that were lighter and stronger than steel. In the early 1990s, sustainable design began to become more widespread in Europe and the United States, where organizations and standards were created for its development and application. Since then, sustainable design has become widely used in a variety of areas, from home appliances and furniture to urban landscaping. In the 2000s, sustainable design became an integral part of product and architectural design. Modern technologies and materials make it possible to create products that do not harm the environment and also take into account social and economic aspects. During this period, certification systems began to actively develop, such as LEED, BREEAM, WELL, which set standards for assessing the sustainability of buildings and products.

### Main part

With the COVID-19 pandemic under increasing pressure on productivity, changing consumer behavior and accelerating demand for digital technologies, many fashion companies find themselves in a difficult position. Calculations by the consulting company McKinsey, based on changes in market capitalization over time in the World Fashion Index, show that the economic profit of the global fashion industry in 2023 increased slightly, by only 4%, and at the end of 2023 fell compared to 2022 by 93%. This has led to a significant increase in the number of companies teetering on the brink of bankruptcy, rising to 73 percent of the index in 2023, up from 60 percent in

2022. At the same time, the clothing retail trade is under very strong competitive pressure. In the United States alone, 20,000 to 25,000 store closures were expected in 2023, more than double the 2022 total.

As the world generally recovers from the COVID-19 pandemic, key drivers in the fashion business have been changes in consumer behavior (in relation to digital channels, social justice considerations and reduced travel activity), opportunistic investments and the need to create more efficient, simple and popular solutions. Changes in the clothing market were associated with a drop in real incomes of a significant part of consumers. The coronavirus pandemic has forced the fashion industry to rapidly transform in a number of ways, and many companies have had to adapt to survive. At the same time, online fashion retailing was less affected than many other industries, and it recovered as quickly as possible in 2021. Online sales have boomed in recent years as consumers have gradually become more comfortable making purchases from their computers and mobile devices. Buying clothes online inherently carries more risk than buying an item you know you'll receive, such as books or DVDs. The item of clothing may not fit or may look different in person than in the photo. Consumers have long been wary of shopping for clothing online but are finally becoming comfortable as online retailers have reduced the risk with easy return policies and aggressive use of free shipping offers. Even before the pandemic, the clothing and accessories category was growing at a faster pace than overall online retail.

The pandemic has significantly accelerated the transition of consumers to online clothing orders, the share of which in total clothing sales in the United States, for example, exceeded 25%. In 2023, apparel e-commerce sales in the United States totaled \$68 billion. Retail e-commerce revenue from apparel and accessories sales in the United States totaled \$180.5 billion in 2023, up from \$144.8 billion in 2022. Statista Digital Market Outlook estimates that market revenue will increase to \$295.7 billion by 2025.

The adoption of digital technology by consumers and businesses has increased dramatically throughout the pandemic since 2020. The pandemic has led to a surge in online fashion retailing. The promotion of clothing brands through social networks was actively developing, many online orders were fulfilled by pick-up, and retailers had to offer digital solutions to survive. The pandemic has exacerbated structural problems in retail, with sales in brick-and-mortar and department stores falling while online sales are growing. The pandemic has led to changes in the marketing of fashion companies. The importance of digital marketing, particularly the use of social media, has increased dramatically. Fashion companies have significantly reduced traditional advertising costs by increasing spending on online advertising. Adapting to changes in consumer behavior, fashion companies

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have significantly expanded their online presence and use of digital technologies.

The best performing companies tended to have one of two key characteristics. Many of these were focused on the Asia-Pacific region, reflecting the growing economic power of the region. Second, the best companies have demonstrated exceptional agility in their operations, particularly by optimizing supply chains and delivering compelling digital offerings. E-commerce companies such as ASOS, FARFETCH UK, Revolve and Zalando have consistently outperformed during the pandemic as lockdown customers shopped online.

Many brands have embarked on strategic transformation. Having realized the risks of global supply chains, multinational companies in various industries are beginning to restructure their approaches to building global value chains. Clothing imports will continue the trend of European and American fashion companies moving orders from China to countries such as Vietnam, Bangladesh and India, as well as local production in nearby countries, creating new jobs and skills.

Clothing production is carried out by leading TNCs in the fashion industry outsourced to companies in developing countries in Asia and Africa due to cheap labor. At the same time, China remains the main place for placing orders for clothing production, offering quality goods. China accounted for 31.6 percent of the value of global apparel exports in 2022, representing a decline from 36.6 percent in 2018. That year, China remained the world's largest clothing exporting country. The main trends emerging in the global fashion market, namely:

1. Increased focus on e-commerce. Retailers offering omnichannel services that provide customers with personalized products will continue to outperform their competitors.

2. Increasing importance of new digital technologies, in particular big data analytics, virtual fitting and augmented reality. The ability to virtually try on clothes and see them being tried on without leaving home will become a new trend in the fashion retail segment.

3. Increased consumer attention to sustainable development. With increasing awareness of climate change, consumers are considering the sustainability impact of their purchase as an important consideration.

4. A significant portion of consumers want high-quality and environmentally friendly clothing instead of cheap and disposable products.

Fashion TNCs' short-term actions have focused on resizing operations, including modernizing sales channels and introducing new technologies. Fashion MNCs have reset their supplier relationships, revamped wholesale and retail partnerships and streamlined the sales process. Fashion companies, in response to the accelerating digitalization of all

aspects of life, have invested heavily in updating and expanding their websites to ensure optimal multi-channel communication with customers. Many firms have developed strategies to expand their relationships with multi-brand platforms such as Amazon. Premium fashion brands such as Rebecca Minkoff, Kate Spade, Tory Burch, Frye, Vera Bradley, Levi's and Adidas actively sell their products through the subsidiary AmazonInternet company Shopbop. Reducing supply costs and increasing flexibility by implementing an effective inventory management process can be beneficial for retailers. From the very beginning, the pandemic led to major problems with order fulfillment and delivery chaos. International shipping was a particular challenge, as numerous travel bans prevented goods from being shipped on time or at all. All of these order fulfillment issues have impacted fashion sales, with many companies having to turn down deals and orders because they couldn't meet reasonable delivery times.

Amid the pandemic, fashion brands and retailers have been canceling orders due to low demand for clothing and canceling payments for orders that had already been placed with their manufacturers. This greatly complicated the relationship of such companies with outsourcing orders.

The pandemic has affected the range and style of clothing sold. Athleisure as loungewear has become a staple of 'loungewear fashion' throughout the pandemic, with comfy clothing increasing in popularity due to the circumstances. Demand for tracksuits, pajamas, hoodies, sportswear and other leisure wear has increased. Changes in consumer tastes and behavior patterns have led fashion companies to focus more on loungewear and activewear ideal for home use.

Seasonal fashion trends have changed under the influence of the pandemic as designers put more emphasis on classic pieces that can be worn year-round and are more practical. In the post-pandemic period, we can expect a transition to more restrained, eternal values. The history of the fashion industry bears this out, with fabric rationing during World War II paving the way for Dior's New Look in 1947, and the 2008 financial crisis laying the groundwork for the 2023 debut of Gucci creative director Alessandro Michele, giving new impetus to the old Italian brand and all modern fashion. Fashion shows have received the much-needed impetus for radical change. Already, the amount of resources poured into 10-minute shows, sometimes involving two full days of travel to see a single collection in Rio or Marrakech, was beyond imagination. Fashion house shows will increasingly be watched online. At the same time, brands will experiment with digital presentations and live interaction with designers. The result will be improved storytelling around brands and collections.

With less disposable income, consumers will be more conscious of what they buy, viewing luxury goods as investment items, and some consumers will

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choose products over fast fashion, seeking to embrace fashion trends. Today, the concept of sustainable design continues to evolve and become more widely applied. More and more designers, companies and organizations are recognizing the importance of creating products that are functional, aesthetically pleasing and environmentally sustainable.

However, sustainable design has not always been so popular and important to society. Since the middle of the 20th century, the world began to face various problems associated with the deterioration of the environmental situation on the planet, climate change and unsustainable socio-economic development. These problems are largely related to the technological and industrial processes that largely determine the modern way of life. Modern products and production technologies that were previously created to meet human needs have become the source of serious environmental and social problems. In this context, sustainable design has begun to be seen as an important tool that can help solve many of these problems.

At the beginning of the 21st century, sustainable design became more common and popular as environmental issues and climate change became more apparent. Most designers and manufacturers have begun to realize that their activities must be responsible and sustainable.

One of the important events in the development of sustainable design was the creation in 2022 of the Center for Sustainable Design in England (The Center for Sustainable Design, CSD). The center conducts research and development to improve design sustainability and organizes events to exchange experiences and knowledge between scientists, designers and manufacturers.

In 2022, the book "The Sustainable Design Credo" was published, which outlined the basic principles of sustainable design. The book was written by Stuart Walker and Christopher Liddell, both of whom worked at the Center for Sustainable Design.

In 2023, the book Sustainable Design: Principles and Practice, written by David Birkeland, was published. The book describes the principles of sustainable design and provides numerous examples of sustainable projects in various fields. One example of sustainable design is The Ocean Cleanup, created by Boyan Slat, who developed a system to clean up plastic waste from the oceans. This project has become a symbol of how sustainable design can help solve the world's problems.

There are many approaches and concepts associated with sustainable design today, but there are three fundamental principles that must be taken into account when developing sustainable products and systems.

**Environmental sustainability:** This refers to the use of materials and resources that do not harm the environment. Sustainable design must minimize

negative environmental impacts and maximize resource efficiency. To achieve this goal, the product life cycle must be taken into account, from the extraction of raw materials to disposal and recycling of waste.

**Economic sustainability:** This is concerned with ensuring the long-term economic sustainability of the product and its life cycle. Sustainable design must create products that are cost effective over their entire service life. This can be achieved by using products that can be recycled and reused, and by reducing energy and material costs.

**Social sustainability:** This refers to taking into account the needs and well-being of product users and society as a whole. Sustainable design must take into account social factors such as product availability and safety, as well as the impact on people's health and well-being. It is important that products are accessible to everyone and do not lead to social inequalities.

These three principles interact and are interdependent, and all of them must be taken into account when developing products and systems. Design must meet user needs and take into account economic and environmental factors to create products that provide value and extend their life cycle.

The most prominent example of sustainable design today is the concept of circular design. Circular Design is an approach to designing products and services that aims to maximize the use of resources and minimize waste, including through reuse and recycling. This concept aims to create an economy in which products and resources are not thrown away, but remain in the economic cycle, creating more sustainable and cost-effective systems.

The concept of circular design includes several stages: design, use, recycling and recycling of resources. At the same time, product design takes into account the entire life cycle of the product, from the selection of materials and production, to the possibilities of disposal and recycling.

Examples of projects based on the circular design concept are:

- Steelcase's Second Nature Furniture Series uses materials with minimal environmental impact and a design that allows furniture to be repaired and reused.
- The "Inflatable Shoes" project from designer Gabriel Fontes, who created a collection of shoes from recycled plastic bottles with the ability to recycle them and return them to the circulation.
- The Loop Program project from TerraCycle, which has created a system for returning and reusing packaging for household chemicals and cosmetics.

The concept of sustainable design is already the focus of many manufacturing companies and designers around the world. More and more people are realizing that environmentally responsible behavior and production is not just a measure to reduce harm to the environment, but also an important factor for the

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sustainable development of business and society as a whole.

Sustainable design has a significant impact on industrial design as it is a conceptual approach to product design. It can help manufacturers improve product quality, improve safety and reduce environmental impact.

Industrial designers who use sustainable design principles can create products that can be produced and used with minimal environmental, social and economic costs. For example, using environmentally friendly and recyclable materials can help reduce waste, and using energy-efficient technologies and materials can reduce energy consumption and reduce greenhouse gas emissions. Herman Miller is an example of sustainable design in the furniture industry. They use recycled materials in their products, such as aluminum, and also produce products that can be recycled. Additionally, they use mechanisms that allow users to customize their chairs and tables according to their needs, which increases the lifespan of the product. Also one example is the LG G5 phone, which was released in 2016 and has a modular design. Thanks to this design, the user can easily replace or upgrade various components such as the battery or camera without having to purchase a new phone. This helps reduce e-waste and extend the life of the device.

Sustainable design can support the development of new business models, such as service models, that reduce resource consumption and waste while increasing customer satisfaction. Such models can stimulate innovation, improve competitiveness and ensure long-term sustainability of enterprises.

Therefore, sustainable design is an important factor that influences the industrial design process to create products that meet user needs, environmental requirements, and also provide economic viability.

Would you pay hundreds of euros for a handbag, dress or coat that you will never be able to wear in the real world? This is nothing new for gamers. They have extensive experience using clothing and accessories to create their virtual personality. All indications are that the meta universe will quickly catch on thanks to this experience, especially among young people. Leaders of luxury and premium brands are taking this trend seriously and have already begun to actively use the opportunity to sell virtual versions of their own products to users in the meta universe.

According to Morgan Stanley analysts, by 2028 the volume of virtual markets for luxury goods could reach more than \$50 billion. This seems surprising given the situation in the recent past, just twenty years ago, when luxury brands scoffed at Internet 1.0. As recently as 2018—three years after the launch of Amazon Prime—only a third of luxury corporations were selling their products online. Until this moment, Prada practically did not have its own website at all. Yet it was luxury fashion that adapted to the new

situation faster than any other industry. It is difficult to give a specific definition of the meta-universe. Technology futurist Katie Hackl defines it as “the merging of our physical and digital lives.” Luxury fashion brands are taking advantage of this technological revolution by creating, among other things, digital clothing exclusively for our virtual selves. The meta universe creates new opportunities for brands to connect with younger generations. Generation Z is a key demographic and the main audience for virtual fashion. It's because of this young audience that Universal Music Group has partnered with Genies to provide the label's artists with official digital identities. Avatars provide a permanent virtual representation for artists when interacting with fans in games and other worlds. UMG artists have the ability to release exclusive virtual items for their Gen Z fans to purchase, ranging from \$3 to \$15, and use to create their own avatars.

The luxury fashion industry's entry into virtual reality opens up entirely new opportunities for consumer engagement. It also brings very tangible and quantifiable benefits to the brands themselves. However, how does it function? Most virtual luxury items are produced in limited quantities, and people who buy them receive an NFT in the form of a virtual certificate of ownership. NFTs are certainly getting the attention of luxury fashion houses. The first NFT sold by Gucci at Christie's for \$25,000 in June 2023 was a four-minute film created and directed by the brand's creative director Alessandro Michele and co-written by photographer Floria Sigismondi.

The 15-minute film "Gucci Aria", created in honor of the great brand's centenary, accompanied the runway show of the special collection and inspired the creation of a 4-minute NFT. It depicts a fabulous club experience post-COVID-19. Proceeds from the sale of the NFT were donated to UNICEF USA in support of COVAX, a non-profit organization that provides global access to COVID-19 vaccines.

In turn, in honor of the 200th anniversary of the founder of Louis Vuitton, the fashion house released the game Louis the Game, which could be downloaded to mobile devices. The game featured a mascot character, "Vivienne," who traveled through 200 virtual worlds to collect two hundred holiday candles. Upon completion of the game, thirty hidden NFT collectibles could be found, ten of which were created in collaboration with digital artist Beeple. The collage created by the artist is valued at \$69.3 million. However, the NFTs created are only part of the game's collection and are not available for public sale. The first major fashion house to release an NFT collection was Dolce and Gabbana, which collaborated with UNXD on this project. Launched under the name "Collezione Genesi", the collection was an undoubted success and consisted of nine items: five NFTs that had physical counterparts and four exclusively digital products. The collection was sold for a shocking \$5.7



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million. UNXD took sustainability into account when creating the platform on which the collection was auctioned. So, she created Polygon, a blockchain technology that is 99 percent more energy efficient than cryptocurrencies such as Bitcoin and Ethereum, which are known for their high energy consumption.

In August 2023, Burberry became the first luxury brand to announce a partnership with Mythical Games and release an NFT collection in their flagship game Blankos Block Party.

The Burberry toy is named Sharky B and features a special Burberry TB monogram. As part of the collection, Burberry has released branded in-game NFT merchandise, including a duffel backpack, shoes, and armbands that can be attached to any Blankos they own. Sharky B can also be trained with a variety of abilities, including agility and speed, which was intended to make the toy unique. The limited edition collection sold out almost instantly, priced at \$390,000. Balenciaga, in turn, launched its own clothing collection in the Fortnite game, which has more than 300 million users. "Skins" (outfits and accessories for in-game characters) are purchased with V-Dollars, the global currency of Fortnite. At the very beginning of the game, among them were costumes with skulls and invisibility cloaks. The collection now includes eye-catching sweatshirts, available in a virtual store that can take the user to the brand's website so they can buy the same clothes for themselves, but in the real world.

In January 2023, the Barbie brand also entered the world of NFTs in collaboration with the fashion house Balmain. A capsule collection was created consisting of more than 50 items, including adult clothing and accessories. Part of the collection is a series of three Barbie avatars created in collaboration with FORGOT ME NOT GMBH and auctioned off by mint NFT.

In the fashion industry, NFT designs are quickly gaining favor with buyers and creators.

However, successful NFT sales are one side of the coin, and rate conversion into the metaverse is the other. NFTs are not the only form that is providing tangible benefits for luxury brands from establishing a presence in the virtual world. There are at least several of them, namely:

### 1. Elimination of excess stocks (overstocking).

Virtual merchandise could solve the problem of oversupply of luxury fashion brands. This is due to the fact that each of them experiences overproduction and excess inventory at the end of the season. The solution to this problem until now has been discounts, which can result in an undesirable situation - discounts of up to 90% in outlet stores. Such actions devalue the overall value of brands. With the advent of virtual items, brands will not have to sell them at deep discounts in order to get rid of excess inventory.

Excess inventory is a particular problem for start-up brands and can limit their ability to provide a

full range of products at the best price. Using 3D visualization of goods, users can place and confirm an order, and the company will deliver it in the required quantity.

### 2. High margins.

When creating luxury goods directly for the virtual world, labor costs are minimal, and raw materials are not needed at all. This means that the sale of virtual accessories and clothing has virtually no losses. Designers also have unlimited creative freedom when creating virtual things, since the limitations that are usually imposed by practicality do not apply here.

### 3. Companies may return to old developments.

Most luxury brands have archives that they can now turn into a kind of virtual assets, thus ensuring large profits with a fairly minimal investment. After all, not everything that can be sold in the meta universe has to be new. Nostalgia is especially important for luxury brands. Reviving old models can generate profit by selling them as iconic or serve as a form of testing new fashion trends.

### 4. Additional income from resale.

There's another reason luxury brands are rushing to embrace NFTs and virtual designs: the secondary and resale market, popularized by companies like Fashionphile Group LLC and The RealReal Inc. The NFT system allows labels to finally capitalize on a market they have been struggling with for a long time. NFTs guarantee authenticity, which prevents the purchase of fakes.

Now, if something is sold on the secondary market, a luxury brand like Hermes doesn't make a penny from it. But with digital goods, there is a huge opportunity for further income by reselling them.

All that is required is that the NFT or smart certificate includes a royalty, guaranteeing the designer a percentage of the amount paid by the buyer.

### 5. New products connecting the real and virtual worlds.

A completely new space is emerging in the luxury brand market, offering the opportunity to combine material reality with virtual reality. A good example is the Facebook glasses, created in collaboration with Ray-Ban's parent company, EssilorLuxottica, which also produces glasses for Burberry, Prada, Chanel and Versace.

Ray-Ban Stories smart glasses are based on three existing Ray-Ban styles. They are available as both prescription glasses and sunglasses. Key features include capturing and sharing images, as well as 30-inch videos (with sound), music playback and chat capabilities. The Facebook View app stores all this recorded content.

Metaverse will increase luxury corporate earnings by about 10 percent over the next ten years, according to investment bank Morgan Stanley.

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### Conclusion

An analysis of foreign practice shows that in other legal systems there is a wider range of protection and protection of a certain corporate identity. It seems appropriate to borrow this experience. And on this basis, reform domestic legislation. For example, it seems possible to supplement Part 2 of Art. 14.6 of the Federal Law of July 26, 2006 No. 135-FZ "On the Protection of Competition" the category of "other elements that individualize an economic entity - a competitor and (or) its product" with such components as visual and information means.

Fashion companies have begun to rethink existing value chains to restore sustainability. The pandemic has accelerated the digitalization of the fashion industry, giving new impetus to the fast-growing e-commerce channel. The future development of the global apparel market will be

strongly influenced by consumer desire for sustainability and healthier lifestyles. Regionally, the pandemic has increased the importance of clothing manufacturing firms from the Asian region. In conclusion, sustainable design in design has significant potential to create a future where design is functional and attractive, but also takes into account the importance of environmental, economic and social aspects. Sustainable design is not only a trendy trend nowadays, but also an important tool in preserving the environment. For many decades, people have been faced with environmental pollution problems, and only in recent years have they begun to realize that the production, use and disposal of products can be better managed. Sustainable design is an approach that allows us to create products that are less harmful to the environment, improve people's quality of life, and are also cost-effective.

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