

Bridal Fashion Label and Designer Straighten Social Media Ruffles in Bankruptcy Deal

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The 2010s were a heyday for bridal fashion. TLC's "Say Yes to the Dress" reality series captivated viewers watching brides navigate family opinions and emotions while shopping for "the dress" at Kleinfeld's Bridal in New York City. Instagram became a new medium for the engaged to search for bridal fashion and plan the big day.

The @misshayleypaige Instagram account used by bridal fashion designer Hayley Paige Gutman was particularly successful, amassing over 1.1 million followers by the end of 2020. Gutman was employed by JLM Couture, Inc., which manufactures and markets bridal fashion collections, including under a number of brands under the name "Hayley Paige" or variations thereof. The Instagram account features posts relating to both Hayley Paige designs and Gutman's personal life. But, Gutman's employment

agreement with JLM contained provisions regarding the use of the names “Hayley,” “Paige,” “Hayley Paige,” and even “Hayley Paige Gutman.”

Starting in 2019 into 2020, JLM began to take issue with Gutman’s use of the Instagram account, as well as her creation and use of a misshayleypage TikTok account. JLM accused Gutman of seizing control over the Instagram account and using “misshayleypage” handles to promote third party goods like olive oil, beer, and nutritional supplements without JLM’s approval.

Things came to a head in late 2020, when JLM’s CEO confronted Gutman during a meeting at Kleinfeld’s, of all places. In December 2020, JLM sued Gutman in the Southern District of New York, alleging claims of trademark dilution, false designation of origin, unfair competition, and breach of Gutman’s employment agreement, among others. As The TMCA previously reported, JLM won a temporary restraining order that prohibited Gutman from using social media accounts bearing the misshayleypage name.

Following the TRO ruling, Gutman resigned from JLM and took to Instagram on a new account tearfully describing the legal dispute and explaining that she was avoiding use her own name. In the years since then, the SDNY granted JLM a preliminary injunction, and the dispute bounced back and forth between the SDNY and Second Circuit Court of Appeals.

In October 2023, JLM filed for chapter 11 bankruptcy with just \$151,000 cash on hand, citing damage to its brand caused by litigation with Gutman as a primary driver of its financial decline. Gutman filed a motion seeking to convert JLM’s case to a liquidation under chapter 7 of the U.S. Bankruptcy Code, arguing the harm caused by the litigation to JLM’s relationships with vendors is so severe that JLM cannot successfully reorganize.

On May 17, 2024, JLM filed a motion seeking bankruptcy court approval of a settlement with Gutman. The parties’ settlement agreement provides that JLM will dismiss its suit against Gutman and transfer a number of “Hayley Paige”-related intellectual property rights to Gutman in exchange for a payment that is not publicly disclosed. The transferred IP rights will include trademarks, rights of publicity, social media accounts, and copyrights embodied in Gutman’s copyrightable works owned by JLM, among other things. The bankruptcy court orally approved the settlement during a hearing on May 23, observing that the settlement payment will facilitate JLM’s reorganization. The court entered an order approving the settlement on May 24. Gutman has already recommenced posting on @misshayleypaige.

The JLM-Gutman dispute showcases the power of a social media following. JLM’s CEO testified at the settlement hearing that JLM’s finances were negatively impacted by Gutman’s resignation and harsh criticism of the company on social media. JLM’s financial condition deteriorated notwithstanding its victories against Gutman and control of @misshayleypaige social media accounts, to the point that selling the disputed IP rights to Gutman is necessary for the company to have a chance at surviving. The case surely is and will continue to be a beacon for other brand owners seeking to establish

and control social media presence.