

Feeling betrayed or excited? – Consumers’ reassessment of expected utility for legally copied products in the post-purchase stage

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Due to the policy loopholes in intellectual property rights (IPRs) in the United States, the US has become "*a safe haven for design piracy*" in fashion designs (Tan, 2010, p. 895). Exploiting these loopholes, many low-end brands mimic others' designs with little or minor alterations. Some calls such designs as either inspired designs or legal design variations (Huttner, 2022). In both cases, they are called legally copied products (LCPs), products that are highly similar to the original designs but legal to be sold in the marketplace (Kim & Ha-Brookshire, 2024). Moreover, the rise of artificial intelligence (AI) further empowers such LCP brands to rapidly replicate original designs with virtually no efforts, challenging legal boundaries (Krista Perry v. Shein Distribution Corporation, 2023). Meanwhile, original designs claim that they suffer financial loss due to design appropriation by low-end LCP brands. In addition, most consumers are unaware of original designs and make their purchasing decisions solely based on the product's value, increasing the popularity of LCPs in the fashion industry (Shi et al., 2023).

The decision theory suggests that when consumers perceive the highest utility of a product (i.e., product value) and the highest probability of purchasing it (i.e., purchase intention), they decide to buy the product (Wierich, 2021). Consumers choose the maximized expected utility option after calculating both utility and probability of all possible choices (Wierich, 2021). Therefore, in the low-end LCP purchasing decision-making context, if consumers purchase low-end LCPs without knowing the fact that their designs are copies, they will more likely purchase low-end LCPs because it is the option with the highest expected utility. Should they later discover their purchases were LCPs, their assessment of expected utility might shift—because of the varying degree of their IPR morality. In fact, the Copyright Law's Theory of Consumers argues that consumers' morality in IPR protection (i.e., IPR morality) plays a critical role in whether or not they purchase products in IPR disputes (Liu, 2002). According to the level of consumers' IPR morality, they would make different decisions. For example, some consumers who are active in IPR morality (i.e., active consumers) may not purchase low-end LCPs, while others who are passive in IPR morality may not care about IPRs, and thus, they would purchase LCPs. However, little research exists assessing consumers post purchase assessment of the purchase values. To fill this gap, this study raised the following research questions (RQs): (a) how do consumers describe their IPR morality? and (b) how consumers' IPR morality influences their reassessment of expected utility for low-end LCPs upon realizing their purchases were LCPs.

We conducted 40-50 minutes of one-on-one semi-structured interviews with 14 female participants in their 20s to 40s. We gathered our participants through purposive and snowball sampling to recruit various levels of IPR morality consumers – from active to passive. All

participants shared that they had purchased low-end LCPs before with or without knowing they were LCPs when purchasing. By the 14th participants, we gained the theme saturation. The study conducted a directed content analysis, which verifies or expands existing theories (Hsieh & Shannon, 2005). The interview questions consisted of participants' IPR morality and their reassessment of low-end LCP purchasing decision-making. Both researchers achieved a unanimous consensus on codes and interpretations of the interview data.

For RQ (a), we found additional level of consumers' IPR morality— ambivalent consumers. They were neither active (n=3) or passive (n=3) consumers. Ambivalent consumers (n=8) acknowledged the necessity of IPR protection but revealed an ambiguous stance, supporting it only to the extent to which the IPR laws do not significantly restrict their lifestyle. Otherwise, they were opposed to the IPR protection. For example, Participant C argued that "*Consumers should safeguard the IPRs of others, but I also can't spend more than what I can afford to respect others' IPRs as long as the products are out for us to purchase.*" In the case of active and passive participants, they followed the definition of Liu (2002).

For RQ (b), the study discovered that participants indeed reassessed the expected utility of low-end LCPs after discovering the products that they purchased was LCPs (see Table 1 for participants' quotes). Active consumers *decreased* their expected utility because they felt betrayed by the low-end LCPs that they purchased. Passive consumers *increased* the expected utility of their LCPs because they believed that the LCPs proved to be better designs and better prices than they had evaluated. Interestingly, ambivalent consumers did not change their expected utility because they believed that they have already considered the possibility of IPR violations in their expected utility calculations when purchasing. Thus, design similarity of the LCPs was not an issue once the purchase was made.

This study explored the consumers' reassessment mechanisms of the expected utility of low-end LCP purchasing decision-making based on their IPR morality. By demonstrating how participants describe their IPR morality, we found the existence of the ambivalent consumer category, and thus, expanded the scope of the copyright law's theory of consumers. The study findings provide managerial implications for low-end LCP brands in that their design similarity issues can please their consumers even more (to passive consumers), less (to active consumers), or do not affect (ambivalent consumers) their post-purchase evaluation, according to the level of consumers' IPR morality. As this study focused on low-end LCPs, future research is recommended to explore how consumers would react to high-end brands' LCPs.

Table 4.*Changes in participants' expected utility assessment of LCP purchase*

IPR morality ¹	EU ²	Sub-Categories	Example Quotes
Active Consumers (n=3)	Decrease	“Feeling betrayed”	<i>I wouldn't feel very good and betrayed by the brand because I might have thought that this design was their creative input. If someone points that out, it means that it's quite obviously copied.</i> (A, 27, a graduate student)
Ambivalent Consumers (n=8)	No change	“Believe in my choice”	<i>I wouldn't feel bad that I didn't get the real one ... I might have done a lot of research before I purchased something, ... I might have tried on probably 10 or 15 different coats that day to find the right one.</i> (G, 27, Educator)
Passive Consumers (n=3)	Increase	“Happily, surprised”	<i>I would probably think, "Oh, well, I didn't even know. But I chose a product like a high-end brand wow!" I would be happily surprised still use it.</i> (K, 31, Officer)

Note(s): ¹IPR = Intellectual Property Rights, ²EU = Expected Utility

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