

Costco Claims Tiffany & Co. is Generic Re: Trademark Infringement and Genericide

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One of the biggest threats to a brand owner is genericide, whereby widespread usage of a mark in the marketplace causes the term to be considered by the public to be a generic term for a particular product rather than a source identifier. Some well-known examples of marks which became generic over time in certain jurisdictions are “aspirin” and “escalator”. When genericide occurs, **a mark can no longer function as a trade mark, as it ceases to identify a particular source or to distinguish the origin of the product from competing products**. Once a mark has become generic, the law deems it available for all parties to use and the now-former brand owner no longer has exclusive rights to it.

The threat of genericide is something that brand owners work very hard to try and avoid, since the result would be that they no longer have a trade mark. Similarly, if a mark has become generic, third parties have the right to use it. Therefore, a claim that a particular mark has become generic is a defence to an allegation of trade mark infringement.

The general test for whether a designation has become generic is whether the public believes that such designation connotes the generic name of a product or a brand indicating the source of the product. This issue will soon be considered by the courts in a lawsuit initiated by Tiffany & Co against Costco.

In the lawsuit, **Tiffany accused Costco of trade mark infringement and false advertising, objecting to Costco’s offering of rings which were promoted as “Tiffany diamond engagement rings”**. Rather than deny Tiffany’s accusations, Costco took an aggressive defensive position, claiming that a “Tiffany setting” is generic for an engagement ring setting comprised of multiple slender prongs extending upward from a base to hold a single gemstone. Costco further alleged that although a design called a “Tiffany setting” may have started out as a trademark, frequent third-party use had caused it to become genericide. As part of its counterclaims, Costco claimed that certain of Tiffany’s trade mark registrations are invalid. Not surprisingly, Tiffany has vehemently objected to Costco’s claims of genericide. The legal battle is just getting underway but this matter will be one that is highly publicized and closely monitored.

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