

With This Ring, I Thee Infringe re: Tiffany's Jewelry Trademark

Article By:

IMS Legal Strategies

If you're ready to really do it?to get down on one knee and take the plunge?Costco has made the whole process much simpler. Stop by and pick up an authentic Tiffany engagement ring. She'll never know you didn't get it at Tiffany & Co. It has the Tiffany name right on the box. That was the case a few years back and Costco reportedly had a good Tiffany-ring run. According to the suit Tiffany & Co. filed against Costco, the bond of hundreds, if not thousands, of unsuspecting young couples out there was sadly forged over a sham "Tiffany ring" purchased at Costco. The only way to rectify the love lost here, Tiffany claims, will be recovery of the profits Costco made on its sale of "Tiffany rings," punitive damages, costs, and attorney's fees.

Little known fact: at the time (2012) Costco was actually one of the largest sellers of fine jewelry in the United States. They had a good share of the market on high-quality, discounted diamonds. But when they started selling "Tiffany" engagement rings, Tiffany & Co. stepped in. Whether it was spitefully intentional or ironically inadvertent, it was?at the very least?quite fitting that Tiffany filed the suit against Costco on Valentine's Day, 2013. Tiffany claimed Costco had been selling different styles of rings, falsely identified on in-store signs as "Tiffany rings" for years, but didn't use the Tiffany trademark in their online promotions in order to avoid Tiffany's rigorous trademark policing procedures. Rather, Tiffany learned about the scheme when a shopper complained to Tiffany after seeing diamond engagement rings advertised as "Tiffany rings" in a Costco store in California. When the shopper inquired about the rings, the Costco clerk represented them as "Tiffany rings." The real problem here was that Tiffany wasn't dealing with a mere street vendor selling alleged "Tiffany rings" out of the trunk of his car. This was Costco?a reputable, nationwide brand where members expect authentic, name-brand merchandise at discounted prices. In other words, because it was Costco, not a nondescript trunk vendor, customers might believe.

Costco fired back, though, with a counterclaim alleging their rings were marketed with the Tiffany trademark merely because they had a "Tiffany setting," which Costco claimed was such a generic term it could be used to describe any setting comprised of multiple slender prongs extending upward from a base to hold a single gemstone. Costco claimed the trademark setting was so diluted that it should be declared invalid so Tiffany could no longer use it to prevent other retailers from selling the famed "Tiffany setting" ring. The problem, though, was that the in-store Tiffany signs Costco was using did not say the rings merely had "Tiffany settings." The signs, packaging, and even the words of one of Costco's very own, showed Costco was portraying them as authentic "Tiffany rings."

Scrambling for footing, Costco claimed the Tiffany mark itself was weak. The Manhattan judge in this case found that Tiffany put forth “uncontroverted evidence” establishing the strength of its mark. One of the most significant pieces of evidence was a Bain & Co. report showing Tiffany “claims the largest share of the female mind in the U.S.” when it comes to name recognition in jewelry brands. Tiffany even located and interviewed six different consumers who had purchased alleged “Tiffany rings” at Costco and found that they all thought they had a genuine Tiffany & Co. ring. One woman even reportedly cried when the diamond fell out of what she thought was her very own Tiffany & Co. ring.

The suit is a testament to Tiffany’s rigorous trademark policing procedures and the strength of a timeless, established brand. Tiffany will likely implement more in-store, on-foot procedures in light of Costco’s initially-effective evasion of Tiffany’s internet monitoring. Proof of intentional trademark infringement and establishment of a reputable, recognized brand clearly requires expert testimony.

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