

Cartier, Inc. v. Four Star Jewelry Creations, Inc.
348 F.Supp.2d 217, 228-231 (S.D.N.Y. 2004)

{Defendant Four Star Jewelry Creations produced knockoffs of certain of plaintiff Cartier's watches. Defendant argued that plaintiff's watch designs did not possess secondary meaning as designations of source and thus were unprotectable under trademark law.}

MOTLEY, District Judge

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2. Consumer Recognition: the Expert Reports

Defendants and Plaintiff both conducted surveys to test the secondary meaning of the four families of Cartier watches at issue. Simply stated, the parties retained experts to poll the public as to whether they associated the Panthere, Pasha, Tank Americaine, and Tank Francaise, or more specifically, their watch designs, with Cartier.

a. Defendants' Expert: Mr. Harry O'Neill

Defendants retained Mr. Harry O'Neill, Vice Chairman of Roper ASW. Mr. O'Neill's report is hereinafter referenced as the "Roper Report."

The Roper Report was created by intercepting shoppers at six shopping malls throughout the country: Atlanta, Boston, Chicago, Dallas, Los Angeles and San Francisco. O'Neill attempted to pick malls with "relatively upscale stores" in order to maximize the likelihood of identifying survey participants who represented the appropriate population. O'Neill concluded that a mall that was anchored by Sears or Kmart, for example, would be unlikely to be frequented by consumers in the luxury watch market.

At the malls, shoppers were intercepted and screened to determine their eligibility to participate. Shoppers who were under 18, did not have their glasses or contact lenses available but relied on them, or who worked for an advertising company, market research company, or watch retailer or manufacturer were ineligible to be surveyed. *Id.* Shoppers were further asked whether or not they owned a watch worth at least \$2,500. If so, they were qualified to answer the survey's questions. If not, they were asked: "How likely is it that you would consider buying a fine watch—one that would cost at least \$2,500—in the next couple of years—very likely, fairly likely, not very likely or not at all likely?" Those who responded indicated that they were "very likely" or "fairly likely" qualified to participate.

Eligible participants were then shown pictures of a Cartier Tank Francaise, a Cartier Tank Americaine, a Cartier Panthere, and five other watches made by other

manufacturers, namely, Chopard, Rolex, Tag Heuer, Movado and Bvlgari. With each picture, a participant was asked: “Do you associate this style or design with the watches of one or more than one company?” If so, although unnecessary to establish secondary meaning, as an “added extra attraction,” participants were asked a second, follow-up question as to whether they recognized to which particular company the watch belonged.

The results of the Roper study are as follows: 38% of the respondents associated the style or design of the Tank Americaine with one company (with 13% correctly identifying Cartier as that company); 34% of the respondents said that they associated the style or design of the Tank Francaise with one company (with 13% correctly identifying Cartier as that company); 31% associated the Panthere style or design with one company (with 13% correctly identifying Cartier as that company). Based on these figures in the Roper Report, O’Neill concludes that a significant portion of the purchasing public does not associate the style or design of the watches at issue with Cartier.

What is noteworthy to the Court, however, is the considerable discrepancy in findings at the Atlanta mall vis a vis the results obtained in surveying shoppers at the other five malls. Of the six malls involved in creating the Roper Report, only the Atlanta mall was anchored by upscale retail establishments. Whereas the Atlanta Mall was anchored by Neiman Marcus and Bloomingdales, the Boston mall was not anchored by any high-end stores, although there was one within five minutes’ walking distance, the Chicago mall was anchored by Marshall Fields and Carson Pirie Scott and the Dallas mall was anchored by a Dillar Folis and a Mervins. Further, in Atlanta, 69% of survey respondents owned a watch worth at least \$2,500, compared to the 41% of respondents at the other locales. For those who did not already own a fine watch, 55% of the participants were “very likely” to purchase one in the near future, compared to 15% of the participants who answered in similar fashion at the other malls. Accordingly, the court concludes that the population of survey respondents at the Atlanta mall was the most representative of the Cartier consumer population. Here, 63% of the participants associated the style and design of the Tank Francaise with one company, 60% of respondents associated the Tank Americaine with one company, and 60% associated the style or design of the Panthere with one company.

b. Plaintiffs’ Expert: Dr. Sidney Lirtzman

Dr. Lirtzman criticized the Roper Report on the grounds that it surveyed the wrong population insofar as it failed to distinguish between those “very likely” to purchase an expensive, luxury timepiece in the near future, and those who were “fairly likely” to make such a purchase. He testified that the survey results from Atlanta indicate that if the Roper Report had been conducted exclusively at “high end malls” and included only those persons more resolute about their intentions

of buying a fine watch, the numbers of participants identifying the style or design of the three Cartier watches with one company would have been higher.

To support this conclusion, Lirtzman conducted his own survey designed to parallel O'Neill's, with the exception of two important differences: Lirtzman only interviewed individuals who either already owned a luxury watch or were "very likely" to purchase a watch in the next year, whereas the Roper Report includes respondents who were "very likely" to purchase a watch "in the near future" and persons who were "fairly likely" to purchase such a luxury watch "in the next couple of years." Further, Lirtzman intercepted individuals while they were shopping not in shopping malls, but in Tourneau Watch Company stores, two in Manhattan and one in the Roosevelt Field Mall on Long Island, NY, one in Costa Mesa, CA, and one in Century City in Los Angeles, CA. Tourneau is an authorized dealer of Cartier watches. In light of this relationship, the Tourneau stores feature prominent posters of Cartier watches as well as display cases with Cartier watches.

The Lirtzman study also included a few less significant alterations from O'Neill's study. Lirtzman asked if the participants associated the watch's design with a particular source, as opposed to asking about whether the participant associated the "design or style" with a particular source. Because it is irrelevant to establishing secondary meaning, Lirtzman also did not ask O'Neill's second question as to whether the participant could identify which company she or he associated with the watch's design. The Lirtzman study was also limited to the Tank Francaise and the Panthere because these watches were the least recognized according to the Roper Report. Lirtzman showed participants pictures of the Tag Heuer and Movado watches, like the Roper Report, achieving the same percentages for recognition of these watches among participants, but excluded the other controls. Finally, the photographs shown to survey participants in Lirtzman's study are increasingly clear and more uniform than those shown to participants in the Roper study.

The results of Lirtzman's study are as follows: 61% of the survey respondents associated the Tank Francaise's design with a particular source and 63% of the survey respondents associated the Panthere with a particular source. Lirtzman concludes from this result and the Atlanta results in the Roper Report that surveying individuals who either own or are very likely to purchase a luxury watch establishes consumer recognition of the Cartier watch families at issue in the range of 50 to 60%.

Defendants' principal objection to Lirtzman's report is that in light of the Cartier posters at Tourneau and the fact that its watches are among those displayed in Tourneau's cases, the result of the study are biased. The court, however, disagrees. There are a panoply of luxury watches prominently featured at Tourneau, both in the display cases and on the walls as posters and murals; Tourneau changes its displays every few months; and there are 110 brands sold at

Tourneau, all of which have multiple lines or models within them. The Cartier case, for example, contains six to a dozen watch models, including the watches at issue. As such, while Cartier is sold at Tourneau and is displayed among the many images a consumer perceives while shopping there, the likelihood that a survey participant's reaction to the Tank Francaise and Panthere would have been so influenced is so minimal as to have little to no effect on the probative value of Lirtzman's report.

Moreover, the court credits the testimony of Dr. Lirtzman that valid market research does not require a secondary meaning survey to be conducted in a vacuum given the nature of the questions posed to the survey participants. At Tourneau, consumers were asked questions in an environment in which one would actually purchase a luxury timepiece. Images of the products to be sold are customary in such an environment. Had the Lirtzman's pollsters asked about particular brands of the watches shown to participants surrounded by promotional images, this would raise the specter of potential bias; but here, where the question was simply whether a participant associated the watch with a particular company, without asking which one, no such concern arises.

Therefore, in light of a) the results obtained by defendants' expert in Atlanta, where the survey was undoubtedly taken in a mall where higher-end merchandise is sold, meaning, an environment more consistent with Cartier's consumer population, and where the respondents were increasingly likely to either own or purchase a luxury time piece in the immediate future; b) plaintiffs' survey showing that the Atlanta results are more likely to be accurate than those obtained in other fora; and c) the Court's concerns about the absence of persons within the age group 18–34 or mistakes in tabulating their survey results in the Roper Report, the court adopts the testimony of Dr. Sidney Lirtzman, finding that the results obtained in Atlanta and in the Lirtzman Report are representative of the secondary meaning of the watches at issue.

{The court ultimately found secondary meaning in all four Cartier watch designs and infringement by defendant of those designs.}