

LEGAL/PRIVACY

Should Gucci continue to fight Guess in court?

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By ERIN SHEA

Kering-owned Gucci is vigorously attempting to protect its brand trademarks in court, but the battle against Guess Inc. may not be worth the costs, experts say.

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With the recent court decision in Milan, Italy, Gucci lost three of its Italian and European trademarks, while the brand only received \$4.7 million from the \$221 million it asked for in the United States-based case. Since the expenses seem to outweigh the costs to Gucci, the brand should consider the alternatives before going back to court.

“The estimation of many people in the industry is that it was an unnecessary legal battle between companies,” said Steven Gursky, partner and head of intellectual property practice at [Olshan Frome Wolosky LLP](#), New York.

“Running to courts around the world is a risky proposition,” he said. “In Milan, [Gucci] got slammed because the counterclaims by Guess were ahead, and [Gucci] lost certain trademark protection they had.

“The companies should throw down their weapons and find a way that is not only good for their lawyers to solve this issue, since it has been a great expense by both companies.”

Mr. Gursky is not affiliated with Gucci, but agreed to comment as an industry expert.

Gucci was unable to comment directly.

Risky business

The battle began when Gucci filed a trademark infringement lawsuit against Guess in 2009, which accused the brand of copying the Italian label's block letter "G," the red-and-green stripes and the diamond-logo motif ([see story](#)).

Last May, a New York court awarded Gucci \$4.6 million in damages, which was only a small portion of the \$221 million for which it asked.

On May 3, a Milan court rejected Gucci's claims of trademark infringement by Guess.

The court decision cancels Gucci's Italian and European trademarks on its "G" logo, "Flora" pattern and diamond pattern, according to [Women's Wear Daily](#).



Gucci's Flora pattern

Gucci is not pleased with the decision and will appeal.

"Gucci strongly disagrees with the decision handed down by the court of Milan against Guess. Gucci will certainly and immediately bring an appeal against the decision, which in its view is potentially dangerous for the protection of the "Made in Italy" label," according to a May 4 Gucci press release.

The Italian label claims that Guess was "free-riding" on Gucci's "iconic" trademarks and reputation.

"To say that Guess' reputation is built upon confusion with Gucci is a gross understatement," Mr. Gursky said.

“Was there really consumer confusion in any of these cases?” he said. “Are people buying Guess items thinking that they are Gucci items?”

“If someone says, ‘I bought a Guess item that looks a little like Gucci,’ it is not confusion.”



Gucci shoulder bag with logo

However, the battle will continue on as both parties are awaiting trial dates in China and France.

Before Gucci launches another attack against Guess in court, the label should re-evaluate its own trademark enforcement policies, per Mr. Gursky said.

“I’m all for people being aggressive on going against counterfeiters, but [brands] should be careful about picking locations when going after another company,” Mr. Gursky said. “I’m sure it was a tremendous expense to both parties.”

Though Gucci had the home-court advantage in Milan, it is likely that the brand will not see favorable decisions from other courts.

“Since the court that made the decision is in Italy, it means that Gucci is unlikely to win on appeal or to win its case in courts in other countries,” said Al Ries, founder and chairman of **Ries & Ries**, a Roswell, GA-based marketing strategy consultancy.

“In general, local courts tend to favor the local company, which would be Gucci instead of the American company Guess, so if I were running Gucci, I would cut my losses and future legal fees and abandon the effort,” he said.

Tricky trademarks

Other luxury brands have brought mainstream brands to court over trademark issues.

For instance, Tiffany & Co. went after Costco Wholesale Corp. for using the term “Tiffany setting” when describing its diamond rings.

Then, Costco filed counterclaims including the argument that the tiffany setting is a generic term used to describe a ring after the jeweler sent a cease-and-desist letter last year ordering the wholesaler to take down signs in its Huntington Beach, CA, warehouse store that promoted “Tiffany setting” rings.

While the counterclaims give Tiffany the opportunity to defend its brand name in court, the process could also position its rings as commonplace and dilute the brand name ([see story](#)).

Also, Richemont-owned Cartier’s recent win with a trademark infringement lawsuit against China-based companies indicates that luxury marketers should not ignore threats to brand equity in the country and send a message to counterfeiters.

Cartier won in a Shanghai court in April after it filed a lawsuit against two jewelry companies based in Beijing and a Chinese online supermarket that sells these companies’ products for using the brand name without the French jeweler’s consent ([see story](#)).

Luxury brands tend to be sensitive to trademark and counterfeit issues, especially when dealing with similar names and logos.

“The two brand names are quite similar, so Gucci management was probably very sensitive to any design or trademarks used by Guess that were in any way similar to Gucci marks,” Mr. Ries said.

However, brands should still be aware of the details of their current trademarks before immediately going to court.

“Trademark laws are complicated and it is often hard to know in advance whether your trademark infringes another company’s trademark,” Mr. Ries said.

“The industry needs an industry-run organization that decides these cases, rather than taking them to the legal courts, such as an organization like the National Advertising Review Board,” he said.

Final take

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