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Motions, Pleadings and Filings

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United States District Court,
 S.D. New York.
 THE SWATCH GROUP (U.S.) INC, Plaintiff,
 v.
 MOVADO CORPORATION, Defendant.
No. 01 Civ. 0286(RLC).

April 10, 2003.

Background: Trademark holder brought action against competitor asserting trademark infringement, false designation of origin, and false advertising under Lanham Act, and dilution under state law.

Holdings: On competitor's motion for summary judgment, the District Court, [Carter, J.](#), held that:

(1) trademark holder did not establish likelihood of confusion between its "VENTURA" mark and competing watch maker's "VENTURE" mark, and

(2) trademark holder could not establish dilution of its "VENTURA" mark by competing watch maker's "VENTURE" mark under New York law.

Motion granted.

West Headnotes

[111 Trademarks](#)  [1092](#)
[382Tk1092 Most Cited Cases](#)
 (Formerly 382k356)

[111 Trademarks](#)  [1112](#)
[382Tk1112 Most Cited Cases](#)
 (Formerly 382k356)

[111 Trademarks](#)  [1113](#)
[382Tk1113 Most Cited Cases](#)
 (Formerly 382k356)

Trademark holder did not establish likelihood of confusion between its "VENTURA" mark and competing watch maker's "VENTURE" mark, in lawsuit alleging trademark infringement, common law infringement, and false designation of origin, where VENTURA mark was only moderately strong, parties prominent use of their house marks on their

watches and in their advertisements diminished possibility of confusion, and care taken by consumers in purchase of expensive watches made confusion unlikely due to proximity. Lanham Trade-Mark Act, § 32, [15 U.S.C.A. § 1114\(a\)](#).

[121 Trademarks](#)  [1468](#)
[382Tk1468 Most Cited Cases](#)
 (Formerly 382k366)

Trademark holder could not establish dilution of its "VENTURA" mark by competing watch maker's "VENTURE" mark under New York law, since dilution statute only protected extremely strong marks, and VENTURA mark was only moderately strong. [McKinney's General Business Law § 360-1](#).

[Trademarks](#)  [1800](#)
[382Tk1800 Most Cited Cases](#)
 (Formerly 382k736)

VENTURA.

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OPINION

[CARTER, J.](#)

*1 Plaintiff, The Swatch Group (U.S.) Inc. ("Swatch"), brings this action against defendant, Movado Corporation ("Movado"), asserting trademark infringement, false designation of origin, and false advertising under the Lanham Act, [15 U.S.C. § 1114\(a\)](#) and [1125\(a\)](#), as well as injury to business reputation under [New York General Business Law § 360-1](#) and common law trademark infringement. Now before the court are defendant's motion for summary judgment and plaintiff's cross motion for partial summary judgment.

BACKGROUND

Hamilton Watch Company ("Hamilton"), a division of Swatch, introduced a watch with the trademark VENTURA in 1957. (Pl.'s Rule 56.1(a) Stmt. Mat. Facts ¶ 6.) This was the world's first electric watch, however, since that time, the watches sold under the VENTURA mark have transitioned from electric to

quartz movement. (*Id.* at ¶ 9.) Hamilton is an American watch brand, and marketing efforts have focused on the message that Hamilton's watches are "uniquely American." (Faivet Dep. at 80.)

The face of the VENTURA watch features the Hamilton logo, and is triangular or boomerang-shaped. (Wang Decl. Ex. 1.) Almost all of the watches in the VENTURA line have a leather band and contain an image of an electric bolt running horizontally through the center of the watch face. (*Id.*; Def.'s Ex. 14; Faivet Dep. at 33.) The VENTURA mark does not appear on any part of Hamilton's VENTURA watch itself, nor does it appear on its packaging, except on a sticker on one side of the box, above the watch's bar code. (Faivet Dep. at 43-45.)

In Spring of 1998, Movado, through its ESQ division, introduced a watch line called VENTURE. [FN1] (Def.'s Mem. Supp. Summ. J. at 3.) Most of the watches in this line have a stainless steel band and a rectangular face, although ESQ also recently introduced a round face style. (Diamond Decl. ¶ 5.) The face of VENTURE watch depicts the ESQ SWISS logo, conveying that the watch has Swiss movement. (*Id.* at ¶ 7.) The VENTURE mark does not appear anywhere on the watch or on its packaging. (*Id.*)

[FN1] On January 29, 1998, before adopting the VENTURE mark, a full search for the trademark VENTURE was conducted. (Def.'s Mem. in Further Supp. Summ. J. at 19; Gilsenan Dep. at 31-32.) Swatch does not claim that this search revealed the existence of its VENTURA mark.

DISCUSSION

A. Summary Judgment Standard

Summary judgment may not be granted unless "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." Rule 56, F.R. Civ. P. In determining whether summary judgment is appropriate, a court must resolve all ambiguities and draw all reasonable inferences against the moving party. See Matsushita Elec. Indus. Co., Ltd. v. Zenith Radio Corp., 475 U.S. 574, 587, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986) (citing United States v. Diebold, Inc., 369 U.S. 654, 655, 82 S.Ct. 993, 8 L.Ed.2d 176 (1962)). Nevertheless, the moving party will be

entitled to judgment as a matter of law where the nonmoving party fails to make a significant showing on an essential element of its case with respect to which it has the burden of proof. Celotex Corp. v. Catrett, 477 U.S. 317, 325, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). The party opposing summary judgment "may not rest upon mere allegations," rather it must "set forth specific facts showing that there is a genuine issue for trial." Rule 56(e), F.R. Civ. P. [FN2]

[FN2] This case involves cross-motions for summary judgment, making the analysis marginally more complex in that all parties are both moving and nonmoving parties simultaneously. Rather than review the record twice, this opinion analyzes the case primarily as a motion for summary judgment by defendant, drawing all inferences and resolving all ambiguities in favor of plaintiff.

B. Trademark Infringement and False Designation of Origin

*2 When deciding whether a trademark owner will be protected against the unauthorized use of its mark, or one very similar, the crucial issue is "whether there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question." McGregor-Doniger Inc. v. Drizzle Inc., 559 F.2d 1126, 1130 (2d Cir.1979) (quoting Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 47 (2d Cir.1978) (per curiam), cert. denied, 439 U.S. 1116, 99 S.Ct. 1022, 59 L.Ed.2d 75 (1979)). Thus, in order to prevail on a claim of false designation of origin under 15 U.S.C. § 1125(a) or trademark infringement under 15 U.S.C. § 1114, a plaintiff must demonstrate a likelihood of confusion as to the source of the parties' respective products. [FN3] See Nabisco Inc. v. Warner-Lambert Co., 220 F.3d 43, 44-45 (2d Cir.2000).

[FN3] The proof required to prevail on a common law infringement claim mirrors that necessary to prevail under the Lanham Act. See Ivoclar N. Am., Inc. v. Dentsply Intern., Inc., 41 F.Supp.2d 274 (S.D.N.Y.1998) (Carter, J.) (citing Tri-Star Pictures, Inc. v. Leisure Time Prods., 17 F.3d 38, 43 (2d Cir.1994)).

The yardsticks to be applied in determining whether there is a likelihood of confusion are set forth in the

classic case of [Polaroid Corp. v. Polorad Electronics Corp.](#), 287 F.2d 492, 495 (2d Cir.), cert denied, 368 U.S. 820, 82 S.Ct. 36, 7 L.Ed.2d 25 (1961). These factors include 1) the strength of the mark; 2) the degree of similarity between the two marks; 3) the proximity of the products; 4) the likelihood plaintiff will bridge the gap between the two products; 5) actual confusion between the two marks; 6) defendant's good faith in adopting its mark; 7) the quality of defendant's product; and 8) the sophistication of the buyers of the parties' goods. [Polaroid Corp.](#), 287 F.2d at 495. This list of factors is not exclusive, nor is any one factor determinative. See [W.W.W. Pharmaceutical Co., Inc. v. Gillette Co.](#), 984 F.2d 567, 572 (2d Cir.1993) (citations omitted). "The proper approach is to weigh each factor in the context of the others to determine if, on balance, a likelihood of confusion exists." *Id.* (citation omitted).

[1] Looking to these factors, it is apparent that in the case of competing products, the likelihood of bridging the gap is not a relevant inquiry. [FN4] [Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.](#), 973 F.2d 1033, 1044 (2d Cir.1992). Also, there is no evidence that the products at issue here differ in quality; therefore, a comparison of the quality of the products would not be helpful in determining the likelihood of confusion. See *id.* The remaining factors require additional discussion.

[FN4]. The "bridging the gap" factor considers whether the senior user may wish to enter the defendant's market in the future. [Ivoclar N. Am., Inc. v. Dentsply Int'l, Inc.](#), 41 F.Supp.2d 274, 282 (S.D.N.Y.1998) (Carter, J.).

1. Strength of the Mark

The strength of the mark analysis focuses on "the distinctiveness of the mark, or more precisely, its tendency to identify the goods sold under the mark as emanating from a particular, although possibly anonymous source." [W.W.W. Pharmaceutical Co.](#), 984 F.2d at 572 (citation omitted). A mark's strength is measured by the degree to which it is inherently distinctive, and the court is also permitted to consider the degree to which it is distinctive in the marketplace, in other words, the degree to which the mark has acquired a secondary meaning. [McGregor-Doniger](#), 559 F.2d at 1131-33.

*3 To gauge the inherent distinctiveness of a mark, courts have used four classifications: 1) generic, 2) descriptive, 3) suggestive, and 4) arbitrary or

fanciful. [W.W.W. Pharmaceutical Co.](#), 984 F.2d at 572 (citation omitted). The Second Circuit has defined these categories as follows:

A generic mark is generally a common description of goods and is ineligible for trademark protection. A descriptive mark describes a product's features, qualities or ingredients in ordinary language, and may be protected only if secondary meaning is established. A suggestive mark employs terms which do not describe but merely suggest the features of the product, requiring the purchaser to use imagination, thought, and perception to reach a conclusion as to the nature of goods.... Fanciful or arbitrary marks are eligible for protection without proof of secondary meaning and with ease of establishing infringement.

Id. (citations and internal quotation marks omitted).

Movado does not contest that the VENTURA mark is arbitrary for watches. (Def.'s Mem. Further Supp. Summ. J. at 7.) Rather, defendant argues that the distinctiveness of plaintiff's mark has been diluted through third party uses of the VENTURA mark and similar marks in the watch industry. See [Lever Bros. Co. v. Am. Bakeries Co.](#), 693 F.2d 251, 256 (2d Cir.1982) (holding that third party use diluted the strength of an arbitrary mark).

In support of its argument, Movado presents evidence that a Swiss watch manufacturer, Ventura Design on Time S.A. ("Ventura DoT"), markets watches in the United States under the marks VENTURA DESIGN ON TIME and SEGMENTS BY VENTURA with plaintiff's permission. [FN5] Sometimes both brands of watches are sold in the same stores. (Fischer Decl. ¶ 2.) In addition, three stores that sell watches use the trade names VENTURA or VENTURE, including Venture Stationers in New York City, which sells Hamilton's VENTURA watches, Ventura Fine Jewelers in Kenosha Wisconsin, which also sells VENTURA watches, and Ventura & Sons, a watch wholesaler in Miami, Florida. (*Id.* at ¶¶ 3-5.)

[FN5]. Specifically, in exchange for allowing Ventura DoT to use those marks in connection with the sale of watches in the United States, plaintiff is permitted to use its VENTURA mark in Europe where Ventura DoT has prior rights in the mark. (Def.'s Mem. at 6, Ex. 19.)

Ultimately, the strength of a mark depends on its distinctiveness, or its "origin-indicating" quality, in the eyes of the purchasing public. [Lever Bros.](#), 693

[F.2d at 256](#) (quoting *McGregor-Doniger*, 559 F.2d at 1131). Third party use, particularly by Ventura DoT, which sells luxury watches nationwide, surely dilutes the distinctiveness of plaintiff's mark for watches. Therefore, the protection to which that mark is entitled is diminished. The court holds that the VENTURA mark is only moderately strong; accordingly, the "strength of the mark factor" weighs only slightly in plaintiff's favor. [\[FN6\]](#)

[FN6](#). As noted above, distinctiveness may also be established with evidence that a mark has acquired a secondary meaning. Though Swatch claims that the VENTURA is one of its most well-known watch lines, the evidence presented by plaintiff (including confidential sales and advertising data) does not support a finding of secondary meaning in the minds of consumers. (Faivet Decl. ¶ 5; Faivet Dep. at 159-61.)

2. Similarity of the Marks

In assessing this factor, similarity between the marks in and of itself is not the test--for this reason, cases involving the alteration, addition, or elimination of only a single letter from the old mark to the new reach divergent results. *McGregor-Doniger*, 559 F.2d at 1133 (citations omitted). Rather, the crux of the issue is whether the similarity is likely to cause confusion among numerous customers who are ordinarily prudent. [Morningside Group Ltd. v. Morningside Capital Group, L.L.C.](#), 182 F.3d 133, 139-40 (2d Cir.1999).

*4 When a product's brand name is prominently featured, the likelihood of confusion based on a subsidiary mark is unlikely. See [Nabisco, Inc. v. Warner Lambert Co.](#), 220 F.3d 43, 46 (2d Cir.2000). In some cases this can even be dispositive of the likelihood of confusion issue. See *id.* Although the marks VENTURA and VENTURE are similar visually and aurally, viewed in their commercial context this similarity could not reasonably be expected to be perceived by and remembered by potential purchasers who do not even see these marks when examining the watches. [\[FN7\]](#) In addition to being the only marks on the watches themselves, the HAMILTON and ESQ marks are by far the dominant marks in the parties' advertisements, with the marks VENTURA and VENTURE appearing in much smaller type. [\[FN8\]](#) The prominent use of the house marks HAMILTON and ESQ on the parties' watches and in all of their advertisements goes far to eliminate

the possibility of confusion in this case. This factor, if not dispositive, weighs most heavily in Movado's favor. See *id.* (ICE BREAKERS and DENTYNE ICE for gum held dissimilar and this was dispositive, where defendant "prominently-indeed primarily-identifie[d] DENTYNE ICE as a member of the DENTYNE family of gums...."); [W.W.W. Pharmaceutical Co.](#), 984 F.2d at 573 (SPORTSTICK and RIGHT GUARD SPORT STICK held not similar, in part because the RIGHT GUARD line name was prominently featured in advertising and on the product, in letters three times the size of the SPORT STICK portion of the mark); [Bristol-Myers](#), 973 F.2d at 1045-46 (TYLENOL P.M. and EXCEDRIN P.M. trade dresses held not similar because "the prominence of the trade names on the two packages weighs heavily against a finding of consumer confusion....").

[FN7](#). The sticker on the outer box of the Ventura watches contains the VENTURA mark, but this mark is not prominent. In any case, this outer box would not normally be seen by a prospective purchaser. (Faivet Dep. at 79- 80.)

[FN8](#). For example, in magazine advertisements placed by Movado in eleven publications nationwide in the Fall of 2000 and Spring of 2001, the ESQ mark was twenty times larger than the VENTURE mark. (Def.'s 56.1 Stmt. at 35, Reitter Decl. at 2.)

3. Proximity of the Products/Sophistication of the Purchasers [\[FN9\]](#)

[FN9](#). These factors are analogous and may be considered together. [Ivoclar](#), 41 F.Supp.2d at 280 (citing [Vitarroz Corp. v. Borden, Inc.](#), 644 F.2d 960, 967 (2d Cir.1981)).

To the extent goods serve the same purpose, fall within the same general class, or are used together, the use of similar designations is more likely to cause confusion. [W.W.W. Pharmaceutical Co.](#), 984 F.2d at 573 (citation omitted). This effect will be mitigated, however, when consumers are sophisticated and/or careful in their purchases of particular types of goods.

Several facts support a finding of proximity of the goods in this case. VENTURA and VENTURE watches are of similar price and are targeted to similar consumers. The watches are advertised in

similar channels and are sold in the same stores. In department stores, ESQ watches are often presented in a separate case from Hamilton watches; however, in smaller watch or jewelry stores, VENTURA and VENTURE watches may be displayed together.

Yet even if the goods are proximate, the sophistication or care of purchasers weighs against a likelihood of confusion on this basis. The average consumer spending hundreds of dollars on a watch that will be worn for years is likely to give close attention to the type of watch he or she is buying. *See, e.g., McGregor-Doniger* 559 F.2d at 1137 ("The greater the value of the article, the more careful the typical consumer can be expected to be ..."); *Merriam-Webster, Inc. v. Random House, Inc.*, 35 F.3d 65, 72 (2d Cir.1994) (consumers will exercise care when purchasing dictionaries that cost \$20 and will be used for several years); *Revlon, Inc. v. Jerrell, Inc.*, 713 F.Supp. 93 at 99 (S.D.N.Y.1989) (Leisure, J) ("To the extent that a distributor sells its product to apparently sophisticated shoppers at high quality department stores, customer sophistication usually militates against a finding of likelihood of confusion").

*5 In sum, the care taken by consumers of expensive watches makes confusion due to the proximity of these goods unlikely. [FN10] The "proximity of the products" and "sophistication of the purchasers" factors weigh in Movado's favor.

[FN10]. The absence of evidence of actual confusion, discussed below, further detracts from the significance of proximity of the goods. *See Lever Bros.*, 693 F.2d at 257.

4. Actual Confusion

Although the watches at issue have co-existed in the marketplace for over four years, plaintiff presents no instances of actual customer confusion between VENTURA and VENTURE watches. [FN11] Nor does plaintiff present a consumer survey indicating a likelihood of confusion. [FN12] While a plaintiff need not prove actual confusion in order to prevail in an infringement action, Swatch's failure to show actual confusion may weigh against a finding of likelihood of confusion. *See Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 228 (2d Cir.1999) (noting that where consumers are exposed to two allegedly similar trademarks in the marketplace for an adequate period of time and no actual confusion is detected by survey or otherwise, this can be a powerful indication of no likelihood of confusion) (citing *McGregor-*

Doniger, 559 F.2d at 1136). This factor weighs in defendant's favor.

[FN11]. Plaintiff submits a Macy's advertisement in which VENTURA is misspelled as VENTURE as its only proof of actual consumer confusion. Plaintiff's evidence is insufficient as a matter of law, as there is no indication that consumers were actually confused after the advertisement was published in December of 2001.

[FN12]. It is defendant who submits results of a market survey, indicating that only 1% of respondents were confused as to the source of the watches at issue. Plaintiff attacks the methodology of the survey; however, it is unnecessary to resolve that issue here because even if the court were to assume *arguendo* that the survey were flawed, it would not help plaintiff in proving actual confusion.

4. Good Faith

The "good faith" factor considers "whether the defendant adopted its mark with the intention of capitalizing on plaintiff's reputation and goodwill and any confusion between his and the senior user's product." *W.W.W. Pharmaceutical Co.*, 984 F.2d at 575 (quoting *Lang v. Retirement Living Pub. Co.*, 949 F.2d 576, 583 (2d Cir.1991)). Significantly, Movado conducted a full trademark search before adopting its VENTURE mark. *See id.* (no bad faith found, in part because defendant had a trademark search performed prior to adopting the mark).

Plaintiff argues that defendant's alleged infringement of the VENTURA mark is part of a pattern of bad faith infringement of Swatch's marks. Specifically, plaintiff claims that two other marks, EVEREST and GRAMERCY, were also appropriated by Movado. Swatch's argument is not supported by the facts in the record. Defendant conducted full trademark searches before adopting the EVEREST and GRAMERCY marks, the results of which were devoid of any reference to plaintiff's alleged marks. (Def.'s Exs. 35, 36.) Nor has Swatch presented evidence that it has prior rights in the EVEREST or GRAMERCY marks. As there is a lack of affirmative evidence demonstrating bad faith, this factor also weighs against Swatch.

5. Review of the Polaroid Factors

Weighing the above factors, most of which favor defendant, the court holds that plaintiff cannot establish a likelihood of confusion between the VENTURA and VENTURE marks as a matter of law. Accordingly, summary judgment is granted to defendant with respect to Swatch's trademark infringement, common law infringement, and false designation of origin claims.

C. Injury to Business Reputation

[2] Swatch also alleges that Movado's sale of VENTURE watches violates [New York General Business Law § 360-1](#), which provides:

*6 Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of the goods or services.

The Second Circuit has held that this statute protects only "extremely strong marks," and has noted that "[d]istinctiveness for dilution purposes often has been equated with the strength of a mark for infringement purposes." [Kraft General Foods, Inc. v. Allied Old English, Inc.](#), 831 F.Supp. 123, 134 (S.D.N.Y.1993) (Leisure, J.) (citing [Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.](#), 875 F.2d 1026, 1030-33 (2d Cir.1989)). Having already determined that Swatch's VENTURA mark is only moderately strong in the infringement context, the court concludes that Swatch is not entitled to protection under [§ 360-1](#).

D. False Advertising

Swatch has not presented any evidence to support a claim that Movado "misrepresent[ed] the nature, characteristics, qualities, or geographic origin of [its] goods, services, or commercial activities ." See [15 U.S.C. § 1125\(a\)\(1\)\(B\)](#). This claim fails as a matter of law.

CONCLUSION

For the reasons stated above, defendant's motion for summary judgment is granted in its entirety.

IT IS SO ORDERED.

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