

Tiffany Lawsuit Could Have Serious Implications for eBay

In 2004, Tiffany purchased 186 pieces of jewelry from eBay that were attributed to the brand. They determined that 75% of the pieces were counterfeit, and promptly filed a lawsuit. Tiffany argues that eBay is a distribution network that facilitates the selling of counterfeit goods. It also accused the web site of copyright infringement as the sale of Tiffany jewelry is advertised on its home page.

The company defines itself as a marketplace that brings together buyers and sellers, and is not responsible for determining the authenticity of an item. eBay has 248 million registered users and approximately 102 million items for sale on a regular basis.

If the judge determines that eBay has the same obligation as flea markets and retail stores to not sell fake goods, then it must cease selling luxury goods, or alter the way it does business and authenticate the goods stolen. It is estimated that the market for counterfeit goods is \$200 billion a year in the US, with DVDs, handbags, and jewelry as common targets. Over 70% of counterfeit goods seized in this country originated in China.

Over 50% of jewelry currently sold on eBay is thought to be fake, and some experts believing the number to be closer to 90%. All types of jewelry sales on the site have been compromised, from David Yurman to Native American. It is a federal crime to participate in trademark counterfeiting, regardless if whether you are the manufacturer, reseller or buyer.

eBay says that it has put in place anti-counterfeiting measures in response to the lawsuit. Closing arguments were heard in December and a judgment is expected shortly. If Tiffany wins the case, it could lead to many more lawsuits and force changes to eBay's business model. The San Jose based company is thought to have realized revenue of \$7.6 billion in 2007.

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