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# Not on my watch: disclosure of restored goods' source obviates consumer confusion

United States of America - [McDermott Will & Emery](#)

- Hamilton brought suit against Vortic over the sale of a watch featuring refurbished antique pocket watch parts retaining Hamilton's original mark
- The district court found no likelihood of confusion
- The Second Circuit found that the district court had correctly applied *Champion and Polaroid*

In [Hamilton International Ltd v Vortic LLC](#) (Case No 20-3369, 14 September 2021) (Cronan J), the US Court of Appeals for the Second Circuit has affirmed a ruling that a defendant's use of a mark in connection with the sale of used goods did not create consumer confusion, finding that the district court adequately analysed the relevant *Polaroid* factors and did not erroneously apply the 1947 *Champion Spark Plug* case.

## Background

Vortic is a watchmaker that specialises in the restoration and conversion of antique pocket watches into wristwatches. Hamilton International brought a trademark infringement suit against Vortic based on a watch that Vortic sold called the 'The Lancaster'. The Lancaster name pays homage to Lancaster, Pennsylvania, which is where the Hamilton Watch Company was originally located. The watch was made with restored 'Railroad-Era' movements (the internal mechanism of the watch with the hands and face attached) that were originally produced by Hamilton. The HAMILTON mark could be seen both on the antique face of the watch and through the see-through back on the internal workings. Vortic's mark, as well as 'The Lancaster' and a serial number, were located on a ring on the rear of the watch.

The district court focused on the *Polaroid* factors in its likelihood of consumer confusion analysis and on the issue of disclosure under *Champion*. The district court found that:

- Vortic's labelling and disclosure were compliant with *Champion*;
- there was no evidence of actual confusion or bad faith; and
- the buyers of these antique watches were sophisticated purchasers.

The district court found no likelihood of confusion and entered judgment for Vortic on all claims. Hamilton appealed.

## Decision

The main issue on appeal was whether the district court had erred in finding no likelihood of consumer confusion. To show a likelihood of consumer confusion, "[a] plaintiff must show 'a probability of confusion, not a mere possibility' affecting 'numerous ordinary prudent purchasers'".

The Second Circuit considered the district court's application of *Champion*. In that case, the Supreme Court determined that keeping the Champion logo on refurbished spark plugs would not mislead consumers as the plugs were originally Champion plugs and had the terms 'Repaired' or 'Used' stamped on them, which provided full disclosure. The court explained that the lesson from *Champion* is that, when a refurbished "genuine product" is resold, "the seller's disclosures and the extent of a product's modifications are significant factors to consider" in any infringement analysis.

Hamilton argued that the repair of the Hamilton parts that went into The Lancaster was so extensive that *Champion* should not have been applied. The Second Circuit disagreed, noting that the only modification to the original movement was a replacement lever, and that it was clear to consumers that The Lancaster was an "antique pocket watch modified into a wristwatch rather than an entirely new product".

Hamilton also unsuccessfully argued that the district court had erred by not first using the *Polaroid* factors before turning to the *Champion* analysis. The Second Circuit explained that, since the plaintiff bears the burden of proving a likelihood of confusion, the district court had correctly looked to *Champion* and Vortic's disclosures regarding use of Hamilton parts in determining whether Hamilton met its burden. The court further found that there was no reason to shift the burden to Vortic when there was no showing that it infringed Hamilton's trademark due to the absence of evidence demonstrating consumer confusion.

The Second Circuit concluded that Vortic, in its advertising materials, sufficiently disclosed that The Lancaster timepiece contained refurbished parts not affiliated with Hamilton. This included advertisements stating that The Lancaster was made with antique pocket watch parts and the website's statements on the use of vintage movements in the watch. The court also determined that the district court provided sufficient rationale for its decision in finding that the watch itself provided sufficient disclosure because of its appearance and engravings.

Lastly, the Second Circuit determined that there was no clear error in the district court's findings regarding the *Polaroid* factors in view of the absence of proof of any actual confusion nor its focus on the factors it deemed most significant.

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