

April 5, 2007

FASHION JOURNAL

Ensuring That Your Cartier Is Really a Cartier

Existing Efforts to Weed Out Welter of Fakes Fall Short; A Labor-Intensive Solution

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April 5, 2007; Page D1

With prices of designer handbags, high-end watches and crystal vases skyrocketing, some retailers envision a kind of Blue Book for luxury goods: Trade in your Orrefors decanter for a certain price and head straight to Bergdorf Goodman for the new model.

An established secondary market for luxury goods would not only simplify the resale market but encourage consumers to buy authentic, if used, goods instead of fakes.



This Jaeger-LeCoultre watch was identified as a fake because the word "automatique" was misspelled.


"Customers who might have bought fake can buy pre-owned. The beauty of it is it's an asset -- you can trade it again," says Michael Sheldon, a former private-equity banker who founded Portero, an online auction site for luxury goods.

Online sites like eBay were supposed to streamline the resale process for buyers. Instead of dragging your Balenciaga bag or Cartier watch to the consignment shop, you could simply post it online. But as anyone who's tried to buy such items online knows all too well, rampant counterfeiting makes the process treacherous.

"Luxury goods are particularly vulnerable to fraud online because they are design-intensive. It costs a lot to make the first one and it costs very little to make the rest of them," says Travis Brown, general counsel for Buysafe Inc., a company that bonds all sorts of online merchants.

The biggest problem until now has been that because of the deluge of items involved, most attempts to police Internet counterfeits have involved certifying sellers as honest, rather than certifying the myriad goods as authentic. The theory is that an honest seller will sell genuine goods -- or refund the money if they mess up. But this isn't always the case.

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Buysafe.com, for example, investigates online merchants much as a lender would, and has bonded 3,500 of them like an insurer. Buysafe offers a virtual mall of these insured sellers at www.buysafeshopping.com¹ and it works closely with some vendors on sites such as Overstock.com's auction site (www.auctions.overstock.com²) and eBay. But just because sellers are bonded doesn't mean they are able to police every item they sell.

eBay, the world's biggest online seller, has a sort of finger-in-the-dike program that it calls VeRO (Verified Rights Owner). Designers and manufacturers may join VeRO. They are responsible for searching out counterfeits on eBay, and asking to have the items removed from the site. But this doesn't appear to have held back the flood of fakes on the site. eBay argues that it can't guarantee everything that trades on its site, so buyers should get to know sellers, ask for close-up pictures, and research the goods.

The problem with the Buysafe and eBay models is that they leave me, the dummy consumer, to authenticate my purchase and chase down a refund if necessary. After experimenting with this method for a Prada bag, I concluded it would be easier to get a second job and earn money to pay retail. There is just no way to ensure the real McCoy by inspecting photographs and emailing with sellers.

One of the best options on the Web for buying authentic merchandise right now is Portero.com³, an online auction site that does the dirty work -- manually authenticating every item that trades on its site. The solution is labor intensive for the company but not for consumers. At a warehouse in Armonk, N.Y., a team of authenticators evaluates jewelry, watches and collectibles. They are sold by Portero -- a name that means "gatekeeper" in Spanish -- or a consignor and are delivered with a money-back guarantee of authenticity. The company's claim to fame: not a single item returned as fake in 60,000 auctions.

Manufacturers see value in a healthy secondary market and Portero's approach. The Swiss luxury conglomerate Compagnie Financiere Richemont SA has provided financial backing for Portero, which sold \$10 million worth of goods last year. Laliq is certifying its crystal and other items. Luxury watch giant Tourneau trained Portero's sleuths to weigh watches, open their backs, and inspect second-hand movements and placement of serial numbers.



Portero.com

How Portero authenticates a Patek Philippe wristwatch.



Sellers display counterfeit goods in New York City.

Portero has been evolving for three years. It started out as DropShop on eBay. When Mr. Sheldon feared eBay's trouble with fakes was pressuring his prices, he changed the name, then abandoned eBay. The latest Web site launches publicly on April 26, but it is already up and running.

Portero's main drawback is that its selection is severely limited, at least for now. The other issue: don't expect the same kind of dirt-cheap deals that fuel the fantasies of eBay aficionados. There are no \$50 Omega watches here. Most items range in price from about \$1,000 to \$20,000. Its revenues -- which include a roughly 25% commission on consignment goods -- have to cover the overhead required to authenticate and photograph the goods.

In return, Portero has weeded out anything that smells fishy, such as a fake cache of David Yurman jewelry whose five pieces weighed too little and whose soldering wasn't typically clean.

One of the Portero sleuths' all-time favorite fakes was a Jaeger-LeCoultre watch with a beautiful leather band. The only flaw was a biggy: the word "automatique" was missing its 'i'.

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