

**Versace 83 found liable for infringement of VERSACE marks**  
**Israel - Gilat, Bareket & Co, Reinhold Cohn Group**  
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Confusion  
 Dilution  
 Passing off

In *Gianni Versace SpA v Versace 83 Ltd* (Case 2960/00, August 9 2009), the Tel Aviv District Court has held that a local fashion retailer which had used the VERSACE mark for almost two decades infringed the rights of Italian fashion house [Gianni Versace SpA](#).

In 1985 Versace 83 applied for the registration of five stylized marks containing the word 'Versace' (three of which included Hebrew characters). Gianni Versace opposed the registration of three of the marks but subsequently withdrew its opposition. The marks were registered in 1989.

Gianni Versace has owned the mark GIANNI VERSACE for cosmetics since 1981 in Israel, and has also owned marks containing the name Versace (including one featuring a Greek key) since the 1990s for clothing. At the relevant time, it did not hold trademark registrations for its medusa symbol, the Greek key by itself or the name Versace by itself.

In 2000 Gianni Versace sued Versace 83 alleging:

- infringement of its well-known VERSACE marks under the [Israeli Trademarks Ordinance 1972](#) (New Version);
- passing off under the Commercial Torts Law (5759/1999);
- consumer deception under the Consumer Protection Law (5741/1981);
- unjust enrichment under the Unjust Enrichment Law (5739/1979); and
- other causes of action.

Gianni Versace also sought damages and a permanent injunction preventing Versace 83 from using its marks, and applied to the trademarks registrar for the cancellation of Versace 83's marks.

Allegedly, Gianni Versace filed suit after becoming aware in 1999 that Versace 83 had:

- abandoned its marks as registered; and
- started using the name Versace and other marks associated with Gianni Versace – VERSACE CLASSIC, the medusa symbol and the Greek key.

Further, Gianni Versace submitted that Versace 83 was using misleading indications ('Moda Italy' and 'original garment') on its goods and had stopped using Hebrew characters in its marks, labels and catalogues.

An interim injunction issued in 2001 (which was subsequently affirmed by the Supreme Court) prohibited Versace 83 from using the medusa symbol and the Greek key, as well as the indications 'Moda Italy' and 'original garment'. However, Versace 83 was allowed to continue its business activities on the condition that it clearly distinguished itself from Gianni Versace. Versace 83 was subsequently enjoined from opening a store next to Gianni

Versace's flagship store in Israel.

In 2008 the trademarks registrar cancelled Versace 83's marks on the grounds that they had been registered in bad faith (for further details please see "[VERSACE marks cancelled after 20 years](#)"). The registrar then refused to stay the cancellation of the marks pending Versace 83's appeal to the Supreme Court (for further details please see "[Stay of cancellation of VERSACE marks denied](#)"). The Supreme Court affirmed.

In the present decision, the Tel Aviv District Court addressed the issue of Versace 83's liability for accounting purposes. The court also noted that the registrar's ruling was *res judicata*.

First, the court held that the fact that Gianni Versace had opposed the registration of only three of the five VERSACE marks and had withdrawn its opposition (allegedly due to the difference in quality and price between the goods) barred it from challenging Versace 83's use of the name Versace due to the statute of limitations, laches, acquiescence and estoppel. However, Gianni Versace's action related to the fact that Versace 83 had abandoned its original marks and adopted other marks associated with Gianni Versace. Therefore, the action was not barred.

Second, the court reiterated the principle that trademark infringement does not require intent or damage to the trademark owner. Moreover, to establish a likelihood of confusion, it suffices that some members of the public, possessing ordinary intelligence and exercising customary care, would be likely to be confused.

Versace 83's use of the name Versace in a Greek key was held to constitute use of Gianni Versace's registered trademarks or of confusingly similar marks. Furthermore, the court found that:

- VERSACE was a well-known mark in Israel;
- Gianni Versace's goods have been sold in Israel since at least 1994; and
- the medusa symbol and the Greek key were well-known marks associated with Gianni Versace and were thus protected regardless of registration.

However, the court held that under Section 46(b) of the ordinance, Gianni Versace was not entitled to compensation for Versace 83's use of the marks prior to their cancellation.

Third, with regard to passing off, the court rejected Versace 83's argument that its use of the marks was legitimate. The court pointed out that registration does not confer the right to use a mark if such use is contrary to the law. Moreover, the court rejected the argument that Versace 83 had used its trade name in good faith under Section 1(b) of the Commercial Torts Law, holding that its overall conduct had not been in good faith.

The court further held that Versace 83 had attempted to free-ride on the reputation of Gianni Versace's marks in Israel. The court also adopted the registrar's finding that Gianni Versace's marks were eligible for protection against dilution under the *Bacardi* doctrine due to their international reputation. The court rejected the argument that Versace 83, rather than Gianni Versace, had built the reputation of the VERSACE marks in Israel and that Gianni Versace had no reputation in the country before 1996.

The court concluded that there was likelihood of confusion among the public due to Versace 83's use of:

- the name Versace, an internationally reputed fashion house;

- the name Versace in conjunction with recognizable symbols associated with Gianni Versace; and
- misleading indications as to the origin of the goods.

Gianni Versace also succeeded in proving actual confusion.

The court granted a permanent injunction preventing Versace 83 from using all marks associated with Gianni Versace. However, taking into consideration Versace 83's long-term use of the marks, the court deferred the injunction in respect of the name Versace in English and Hebrew for a period of one year.

Finally, the court held that despite the registrar's finding that the registration of Versace 83's marks was fraudulent and in bad faith, Gianni Versace was estopped from claiming damages and was entitled to accounting and compensation only for the infringement of its marks between 1999 and 2000. The court did not address the issue of damages and recommended that an award be made by way of a general assessment. Nevertheless, Gianni Versace was awarded relatively high costs of IS150,000 (approximately €28,000).

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