

No likelihood of confusion between cone-shaped snacks, says court

Unfair use
Passing off

Israel - Gilat, Bareket & Co, Reinhold Cohn Group

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In *General Mills Inc v Meshubach Food Industries Ltd* (Case 945/06, October 1 2009), the Supreme Court has upheld a decision of the Tel Aviv District Court in which the latter had dismissed [General Mills Inc's](#) passing off and unjust enrichment claims against two local manufacturers of cone-shaped snacks.

General Mills produces a crunchy corn snack in the shape of a cone. The snack is marketed throughout the world under General Mills' name and brands - in particular, the Bugles brand. In Israel, General Mills supplies the half-baked product to [Osem](#), which then fries, packages and distributes it under the mark APROPO.

General Mills sued the defendants for passing off and unjust enrichment, claiming that they manufactured and sold crunchy snacks of a similar shape under the marks LA NASH and PEPITO. The packaging of the defendants' products was different from that of the Apropro product, but featured a large image of the cone-shaped snack.

In 1994 General Mills had applied to register the shape of its snack as a three-dimensional trademark, but the Trademarks Registrar stayed his decision pending the outcome of the court proceedings.

The district court dismissed the passing off and unjust enrichment claims, holding that the goodwill of the Apropro product belonged to Osem, rather than General Mills. Therefore, General Mills had no right of action. In *obiter*, the district court also held that the question remained as to whether the three-dimensional shape of the snack was entitled to protection under the tort of passing off (for further details please see "[No goodwill ownership in snack shape kills passing off claim](#)"). General Mills appealed to the Supreme Court.

The Supreme Court agreed with the district court that the goodwill of the product belonged to Osem. However, it noted that the complex contractual relationship between General Mills and Osem may allow Osem to waive its rights in favour of General Mills, thereby granting the latter the right to sue.

Nevertheless, the Supreme Court agreed with the district court that due to the differences between Osem's product and those of the defendants, there was no likelihood of confusion as to the source of the goods, despite the fact that consumers recognized the shape of the Apropro snack. The court also dismissed General Mills's argument that there was a risk of post-sale confusion, holding that the doctrine of passing off protects only from confusion at the point of sale and does not extend to post-sale confusion.

As the Supreme Court had not ruled out the possibility that General Mills might have goodwill in the Apropro product, it considered the unjust enrichment claim on the merits. The court reiterated the principle that an imitation or copy which does not infringe a statutory IP right does not *per se* constitute unjust enrichment, but may nevertheless warrant a remedy

if it is accompanied by an "additional element" or characterized by "particular gravity". For the court to find that there is an "additional element", the copied or imitated invention must be novel and unique, and the imitator must be aware of the existence of that invention.

Although several factors pointed towards unjust enrichment, the court found that a remedy under this doctrine was inappropriate since:

- General Mills had never sought to register the shape of its snack as a design, and gave no reason for such failure;
- the defendants' products were not perfect copies of the Apropro product; and
- General Mills had had sufficient time to recoup its investment.

The Supreme Court held that the imitation of a design for food products in general, and snacks in particular, is legitimate as long as it does not mislead consumers.

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