

World Trademark Review Daily

**Supreme Court accepts 'saturated market' defence in passing-off case
Israel - Gilat, Bareket & Co, Reinhold Cohn Group**

Passing off

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In *Dead Sea Premier Cosmetics Laboratories Ltd v Nevo Israel (2005) Ltd* (LCA 9485/09, August 4 2010), the Supreme Court has denied leave to appeal from the district court's refusal to grant an interim injunction, holding that, in a saturated market, slight variations in product get-up suffice to prevent a likelihood of confusion.

[Dead Sea Premier Cosmetics Laboratories Ltd](#) manufactures and sells - mostly abroad and, in particular, in the United Kingdom - cosmetic products based on Dead Sea minerals under the brand Premier. The respondents are:

- companies engaged in manufacturing, packaging and exporting cosmetic products using Dead Sea minerals under the brand NevO; and
- officers of these companies.

The packaging of the NevO product originally consisted of jars placed in cardboard boxes and, therefore, was different from that of the Premier product. However, the packaging was subsequently changed, and Dead Sea Premier alleged that the new packaging was confusingly similar to the get-up of its Premier product.

Dead Sea Premier brought an action for passing off under the Commercial Torts Law 1999, and unjust enrichment under the Unjust Enrichment Law 1979. It also sought an interim injunction prohibiting the defendants from using the new packaging. An action was apparently brought in the United Kingdom, but was not pursued.

The Central District Court refused to issue an the injunction, finding, among other things, that the claim had a low chance of success because:

- the infringing activities were carried out abroad; and
- Dead Sea Premier had not shown a *prima facie* cause of action under the tort of passing off.

The tort of passing off under the Commercial Torts Law requires a showing of:

- goodwill in the products at issue; and
- a likelihood of confusion.

The Supreme Court held that leave to appeal should be refused: although Dead Sea Premier had demonstrated that it had goodwill in its Premier product and that the products' get-up were highly similar, it had failed to show a likelihood of confusion. The court found that the defendants had successfully raised the 'saturated market' defence - that is, the foreign market was saturated with products with similar get-up.

The Supreme Court borrowed the concept of 'saturated prior art' from the industrial designs law and applied it *mutatis mutandis* to the present case. The court noted that the burden of proving that a market is saturated with similar products rests on the defendants. However, such burden was alleviated because the relevant market was overseas and, therefore, less evidence was required. Consequently, the court found that, for the purpose of interim relief, Dead Sea Premier had failed to show *prima facie* that its action would succeed.

Dead Sea Premier was ordered to pay IS23,000 in costs.

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