

World Trademark Review Daily

**Owner of CARGO for clothes fails to prevent use of 'cargo' for trousers
Israel - Gilat, Baret & Co, Reinhold Cohn Group**

**Confusion
Passing off**

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In *New Jeans Ltd v Renuar Fashion Manufacturing and Marketing (1993) Ltd* (CC 8968-06-08, June 9 2011), the Central District Court has dismissed a claim brought by the owner of the trademark CARGO, which is registered for clothing and footwear, against three major clothing retailers that used the word 'cargo' for trousers in conjunction with their own marks.

The plaintiffs are engaged in the clothing retail business under the brand Cargo. The CARGO mark is used on their goods and as a store name. One of the plaintiffs holds a registration for the mark CARGO in Latin characters - as a word mark and in stylised form - for clothing and footwear.

The plaintiffs brought action against three large clothing retailers for unauthorised use of the CARGO mark and its Hebrew transliteration. The plaintiffs alleged trademark infringement, passing off, consumer deception and various other grounds. They requested a permanent injunction, accounts and damages.

The district court had previously refused to grant an interim injunction, and the Supreme Court had refused leave to appeal therefrom (for further details please see "[Supreme Court refuses leave to appeal in CARGO case](#)"). At the trial of the case-in-chief, the plaintiffs focused their case on trademark infringement.

The defendants argued that:

- the term 'cargo' is common in the trade for a type of trousers with multiple pockets (and is used in parallel with a Hebrew coined word); and
- due to the descriptiveness of the word, the protection (if any) afforded by its registration as a trademark should be limited.

The court emphasised that the rationale behind trademark protection is to prevent consumer deception, rather than protect traders; therefore, a registered owner suing for infringement must prove that there is a likelihood of confusion. The court noted that, although the 'likelihood of confusion' test used to establish passing off has been adopted for the purposes of infringement, in infringement cases the court does not examine the overall conduct of the defendant, but carries out a comparison of the marks.

The court accepted the defendants' testimony that:

- use of English terms is widespread in the Israeli fashion industry (as well as on Israeli and foreign websites), even where Hebrew terms exist; and
- the word 'cargo' for trousers is one of these terms.

The plaintiffs' witnesses corroborated evidence of descriptive use of the word for trousers.

Finding that the word 'cargo' was descriptive of trousers, the court concluded that the plaintiffs' word mark was not protectable, unless it had acquired distinctive character. However, the plaintiffs failed to prove that the mark had acquired distinctive character: the survey evidence showed that the majority of respondents connected the word 'cargo' with freight, and a minority of respondents who related the word to fashion did not associate it with the plaintiffs.

The court concluded that the defendants' use of the word 'cargo' - which was limited to trousers, was always accompanied by each retailer's mark (GOLF and RENUAR) and appeared on goods sold in the defendants' chain stores - constituted legitimate descriptive use. As to the stylised mark (the protection of which was slightly broader), none of its elements was actually used.

The action was thus dismissed. The total costs of IS100,000 were awarded to the defendants.

David Gilat and Sonia Shnyder, Gilat Baret & Co, Reinhold Cohn Group, Tel Aviv

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