

Europe, Middle East and Africa

# Israel joins the Madrid Protocol; Israeli courts scrutinise boundaries of trademark protection

**During the year in which Israel joined the Madrid Protocol, the registration of advertising slogans and boundaries of confusing similarity came under particular scrutiny**

As well as resulting in some important case law, 2010 was a significant year for Israel as it saw the country implement the international registration system under the Madrid Protocol. The move means that Israel may now be designated in international applications. As part of the attendant changes, multi-class registration can now also be applied for, with the possibility of dividing a multi-class application before registration and consolidating applications and registrations (provided that the consolidated applications/registrations have the same filing or priority date). Furthermore, renewal terms have been cut from 14 to 10 years.

In another legislative development, as part of judicial reform, the appellate review of trademark proceedings has undergone a change. Primary appellate jurisdiction has been transferred from the Supreme Court to two specially authorised district courts, with which appeals from decisions of the trademarks registrar may now be filed. The registrar's interim decisions, which formerly were unappealable, can now be appealed by leave of the court. District court appellate judgments and interlocutory decisions may be appealed to the Supreme Court by leave from a Supreme Court judge.

Court and trademark office decisions during 2010 also provided further guidance in a number of key areas.

## Marking the boundaries

The boundaries of protection of a trademark were addressed in two respects: the registration of advertising slogans and the reassessment of confusing similarity.

In respect of registration of commercial slogans, it is the policy of the Israeli Patent and Trademark Office not only to require that the slogan be used to indicate source, but also to treat slogans as inherently non-distinctive, and accordingly to require a showing of secondary meaning (or require disclaimers if registered alongside distinctive marks). In line with this rather stringent approach, in 2010 a number of applications to register slogans were refused due to their lack of intention to indicate source.

Extensive use in advertising and the ensuing consumer

association of slogans with applicants were not deemed to confer distinctiveness, as seen in Supersol Ltd's application to register marks 208249-50 ("Your money buys more" and "Because time is an expensive staple" in Hebrew) for retail and supermarket operation services; Hever Servicemen and Pensioners Ltd's application to register marks 193272,4,6,7 ("All of this is for you" in Hebrew) for consumer club services (alone and within composite device marks); and Exit Electronics Ltd's application to register marks 208289-96 ("See the future wisely" in English and Hebrew) for video equipment.

It was noted in some cases that the laudatory nature of a slogan may prevent it from acquiring secondary meaning, as was the case with the Exit Electronics application.

However, registration was allowed to the device mark containing "Gidron baking the freshness for you" (in Hebrew) due to the irregularity of the phrase and its mention of the company's name (see application to register mark 203895 by Gidron Industries Ltd [2010] ('baking' and 'freshness' disclaimed)).

Several foreign applicants successfully invoked the less stringent standard of the *telle quelle* provisions of Section 16 of the Trademarks Ordinance (corresponding to Article 6*quinques* of the Paris Convention), whereunder a mark is registrable if "not devoid of any degree of distinctiveness".

Despite its laudatory nature, which made it potentially incapable of secondary meaning, McDonald's "I'm lovin' it" slogan was held to be registrable under the *telle quelle* provisions (application to register mark 200350 by McDonald's Corporation), while "Party like a rockstar" for energy drinks was rendered registrable despite its laudatory nature as it incorporated the applicant's registered mark ROCKSTAR (application to register mark 204804 by Weiner [2010] ('party' disclaimed)).

Nonetheless, even under the more relaxed *telle quelle* standard, the registration of several marks was refused due to their being "devoid of any distinctiveness", as their laudatory nature required that they stay open to the trade.

Examples include the applications to register mark 213403 ("Enjoyed in 70+ countries") for tobacco products by Philip Morris Products SA; mark 211889-94 ("See what could be") for eye care and vision correction products and services by Johnson & Johnson; and marks 204499-832 ("Free your skin") for shaving soaps and razor blades by Eveready Battery Co.

Where slogans that were disallowed separately due to their laudatory natures were part of composite device marks, disclaimers allowed for their *telle quelle* registration within such composite marks. This was demonstrated by the application to register mark 18964 ("Best enjoyed slowly", with device) for tobacco products by

Philip Morris Products SA (phrase disclaimed), and the application to register marks 215613 (*et al*) (“Together we can do more”, with device and company name) for telecommunications services and goods by Orange Brand Services Ltd (phrase disclaimed).

### Approaches to confusion

Turning to reassessing confusing similarity, in the *Mul-T-Lock* case the Supreme Court reversed the district court’s refusal to enjoin the defendant’s use, in respect of security locks, of a device mark allegedly similar to the registered key-shaped-as-muscleman mark, which had been acquired by the plaintiff for the relevant goods (but remained in the defendant’s ownership for other goods) (*Mul-T-Lock Ltd v Rav Bariach (O8) Industries Ltd*, LCA 6658/09 [2010]).

The district court found no *prima facie* likelihood of confusion and noted that the confusion, if any, would follow from the defendant’s continued use of its name (which was not contractually barred), rather than from the use of the new mark. The Supreme Court reversed, finding that the marks were confusingly similar despite a number of visual dissimilarities, due to the similar overall impression and the similarity of the idea conveyed. Noting that conceptual similarity should be interpreted with caution to encompass only such cases where consumers may mistakenly attribute the marks to the same source (eg, as part of rebranding), the court held that the fact that the new mark was intended for the same market and used along with the defendant’s business name gave rise to an apprehension of confusion.

The Supreme Court opined in a *dictum* that a lower degree of similarity for famous marks may suffice to establish a risk of confusion, as the public is more likely to be confused; however, the question was left open for future determination.

A later district court decision did not draw on this *dictum*, at least for disparately positioned players, noting the notoriety of the Adidas triple stripe as one of the factors preventing confusion with the importer’s four-striped shoes.

A suit brought by Adidas-Salomon against an importer of lower-end four-striped shoes bearing the name ‘Sydney’ for infringement and dilution of the well-known registered Adidas three-stripe mark gave the Tel Aviv District Court the opportunity to consider the rationale of trademark protection (*Adidas-Salomon v Yassin*, CC (TA) 2177-05 [2010]; appeal pending).

The court noted the traditional role that trademarks play in discouraging unfair competition, for the protection of traders and consumers alike, and recognised their role of ensuring the higher quality of products.

The judge further observed that in modern commerce, trademarks acquire commercial value as carriers of social identity independent of indication of quality or source, so that for branded merchandise, the trademark itself becomes a commodity.

The court mentioned that it was well established that well-known trademarks are protected against dilution without there being any confusion on the part of consumers, but stressed that such protection should not be overestimated.

It stated that the protection of well-known marks from dilution should be reserved only to copying of the well-known mark and ought not to extend to colourable imitations thereof. The court noted that this was true *a fortiori* with respect to a mark that merely consists of diagonal stripes, which according to the judge formed an inherently weak mark.

The judge noted that public interests such as freedom of expression of the public should also be taken into consideration, including the right to buy lower-end unbranded goods evoking the desired status in their resemblance to branded goods – provided that

there is no risk of confusion regarding the source or type of goods. The court further stressed the benefit in acknowledging the freedom to sell goods bearing a resemblance to branded luxury goods, as an aspect of free competition.

The determination that the four-striped shoes did not cause risk of confusion or unfair competition took into account other diagonally striped sports shoes on the market, the holding that stripes as such are a weak mark and the notoriety of the Adidas triple stripe. The court distinguished an earlier Supreme Court ruling that found *prima facie* confusion between Adidas’s triple stripe and the four-striped shoes as being limited to a *prima facie* risk of confusion for interim relief purposes.

It is worth mentioning that the boundaries of protection for marks such as the Adidas triple stripe are far from settled. An appeal from the *Adidas* decision is pending, and a different view of potential confusion between Adidas’s triple stripe and a third party’s four-striped shoes was subsequently articulated in a January 2011 decision of the same court (*Adidas-Salomon AG v Ghantos ‘Shoes’ Ltd*, CC(TA) 2326/07 [2011]), which found four-striped shoes bearing the ‘Orbit’ name to infringe Adidas’s triple stripe, the word ‘Orbit’ being confusable with Adidas’s various models’ names).

### Non-use revisited

Taking on another aspect of protection, in an appeal from the registrar’s decision to cancel the mark ZIP due to non-use at the request of a former distributor, the Supreme Court opined that in principle, extensive infringing use of the mark may constitute “special circumstances in the trade” (left open as the registration owner failed to show that it was the importer’s conduct that prevented its re-entry); and furthermore was prepared to reverse the registrar’s decision because the former distributor’s conduct in appropriating the registered mark was seen as an exceptional circumstance warranting a discretionary decision to let the mark continue despite non-use and despite absence of special circumstances in the trade. However, the court decided that the registrar’s decision should be affirmed and the mark was struck nevertheless, given that, following cancellation of the mark and filing of the appeal, the registered owner failed to oppose the distributor’s application to register an identical mark, which amounted to abandonment (*Gigiesse Confezioni SpA v Wampum Ltd*, CA 2209/08 [2010]).

Finally, the Supreme Court reversed on appeal the registrar’s refusal to register ROLEX PRINCE on the grounds that it may create a risk of reverse confusion (ie, the risk that the public consumers might confuse the already registered mark with the new well-known mark) in view of the registered PRINCE mark.

The Supreme Court held that the registrar did not have sufficient factual basis for holding that the propounded mark is liable to confuse and instructed that the mark be accepted and published for oppositions. It thus did not rule out that in other circumstances, reverse confusion may be grounds for refusal (*Rolex SA v Deputy Registrar of Trademarks*, CA 2746/08 [2010]). [WTR](#)

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