

World Trademark Review Daily

'Sparkling vehicle' not descriptive of car washing services
Israel - Gilat, Bareket & Co, Reinhold Cohn Group

Passing off

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In *Binyamin v Ramzi* (CC (J-m) 13817-03-10, September 14 2011), the Jerusalem District Court has ruled that the combination of the Hebrew words for 'sparkling vehicle' was not descriptive of car wash services.

Since 1986 the defendant has conducted a car washing business in Jerusalem under the name Sparkling Vehicle ('*rechev notzetz*' in Hebrew). Since 1997 the defendant has leased the premises to the plaintiff, who has continued the car washing business under the same name. Upon termination of the lease in 2010, the plaintiff moved its car washing business across the road, using the name Sparkling Vehicle, and the defendant resumed business under the same name.

The plaintiff sought to enjoin the defendant from using the name Sparkling Vehicle, arguing that the defendant had sold the business to him, including the name and goodwill. The defendant brought a countersuit.

The Jerusalem District Court first cited Section 1 of the Commercial Torts Law (5759 - 1999), which defines the tort of passing off: "A business shall not cause the goods it sells or the services it offers to be mistaken for the goods or services of another business or as related to another business."

The court found that the plaintiff had proved that:

- he had acquired goodwill in the name Sparkling Vehicle;
- the name was associated with his business;
- he had acquired the defendant's business, including its name; and
- the name had no goodwill before he started carrying on business under it.

The court also held that the plaintiff had proved (by showing actual confusion, among other things) that use of the same name by the defendant led to confusion among to the public. In contrast, the defendant had failed to prove that he had goodwill in the name prior to the sale of the business, and that the business was licensed rather than sold.

Addressing the scope of protection of the name, the court held that 'sparkling vehicle' does not directly, immediately and obviously describe car washing services - unlike the hypothetical name 'clean vehicle'. The touchstone for distinguishing between a descriptive and a suggestive name is whether the consumers need to pause before determining the nature of the business based on its name.

According to the court, the name Sparkling Vehicle was not clearly descriptive, but did not require much thought to understand that it related to a car washing business. As the plaintiff had proved that the name had acquired distinctive character, in that the public identified the name with his business, the name was entitled to protection - although such protection should not be too broad. In this case, the existing name should be protected in its singular and plural form.

Further, the court found that the plaintiff had failed to show any specific damage caused by the defendant's use of the name, rather than by normal competition. Nevertheless, the plaintiff was awarded statutory damages of IS20,000, out of the maximum statutory amount of IS100,000, having regard to the genuine dispute over the ownership of the name and the short length of the infringement.

Finally, the plaintiff failed to show unjust enrichment, but demonstrated consumer deception under the Consumer Protection Law (5741 - 1981). However, no compensation was awarded under this head, as damage was not demonstrated. The tort of undue intervention with access to another business was held to be inapplicable.

Costs of IS17,400 were awarded against the defendant.

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