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## Sale of copies of designer dresses under different brand does not constitute passing off **Passing off Israel - Gilat, Bareket & Co., Reinhold Cohn Group**

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In *Dadon-Yifrach v AT Snap Ltd* (CA 9070/10, March 12 2012), the Supreme Court has upheld a district court decision finding that there was no likelihood of confusion as to origin when the defendants sold copies of several of the plaintiff's designs alongside her original creations.

The plaintiff, a local designer selling her creations under her name and her registered mark VISION, brought an action against the manufacturer of cheaper copies of her designs, as well as several retailers which distributed the designs, on the grounds of passing off and unjust enrichment, among others. The cheaper copies of a wrap dress and two models of trousers were sold in the defendants' stores alongside the originals, but bore the mark OBADO; if questioned by customers regarding the price difference, the sales assistants in the defendants' stores referred to these articles as "copies" of the plaintiff's creations.

The Central District Court dismissed the action, holding that, while the defendants' conduct was in bad faith and constituted unfair competition, it did not constitute passing off in the sense of the Commercial Torts Law 1999, because:

- the plaintiff had failed to prove that she had acquired a reputation in the designs (as similar designs existed on the market); and
- the use of a different brand name and the sales assistants' explicit explanations prevented a likelihood of confusion on the part of consumers.

As to unjust enrichment, the court ruled that the plaintiff, who chose not to pursue the path of accounting of profits, had failed to prove her losses and the defendants' enrichment at her expense. The district court held that it could not award damages at large without any factual basis for doing so.

On appeal, the appellant argued, among other things, that:

- reputation in the fast-moving fashion industry may be based on intensive sales during a period of several months; and
- reputation, as well as likelihood of confusion, may be inferred from the fact that the defendants produced an exact copy of her designs without a functional reason.

As to unjust enrichment, the appellant proposed that restitution under the Unjust Enrichment Law 1979 be determined based on the amount of statutory damages available for passing off under the Commercial Torts Law 1999 for each copied design.

The Supreme Court affirmed the district court judgment.

Noting that Israeli law does not recognise a general tort of unfair competition, the court held that, while exact copying may point to the existence of reputation, it is not *per se* determinative of such existence.

The Supreme Court noted that the plaintiff had failed to:

- show that her designs were so unique that the public identified them with her or distinguished them from other designers' items;
- show that the public associated her designs with her or her trademark; and
- provide sufficient evidence of development, promotion and sales of the designs, thus failing to prove reputation in the designs.

As to the reputation of the trademark VISION, the court pointed out that the defendants had not copied the brand name or the labels.

Relying on the lower court's determination that the copied articles were not mixed with the original articles and that the defendants made it clear, if asked about the price difference, that these were imitations, the Supreme Court concluded that there was no likelihood of confusion.

The court emphasised that, as the plaintiff had failed to prove reputation in the designs (at most, she had proved reputation in her trademark and name), customers who are familiar with her trademark and interested in her articles would not be misled due to the presence of a different label, and those who are not interested

in her trademarked articles would not be misled.

The Supreme Court opined in *dictum* that the defendants' conduct - offering cheap copies for sale, while maintaining a business relationship with the plaintiff and selling her products - could give rise to other causes of action (under contract or consumer law).

The Supreme Court also agreed with the lower court's ruling regarding unjust enrichment. Because the plaintiff had failed to bring evidence of the amount of the defendants' enrichment at her expense, no restitution could be ordered, even assuming that unjust enrichment had occurred. There was no room for using the statutory damages provisions under the Commercial Torts Law or any other law as a basis for calculating restitution or importing it as a remedy into the laws of unjust enrichment in the absence of proof of enrichment or damage. The court noted that the plaintiff had harmed her chances in this respect by waiving her motion for an order of accounting.

Legal costs were awarded against the plaintiff.

*Orit Gonen and Sonia Shnyder, Gilat Bareket & Co, Reinhold Cohn Group, Tel Aviv*

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