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Supreme Court reverses award of statutory damages against defendant found liable for infringement

**Confusion
Passing off**

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In *Anderson Medical Ltd v Unipharm Ltd* (CA 5671/11, July 15 2012), the Supreme Court has affirmed a district court decision finding that a nutritional supplement manufacturer was liable for trademark infringement and passing off. However, it reversed the award of statutory damages, as the plaintiff had not been shown to have suffered actual damage.

The plaintiff (the respondent in the appeal) manufactures and markets a generic medicine for the treatment of Alzheimer's disease under the registered trademark MEMORIT.

The defendant (the appellant in the appeal) markets a food supplement intended to help with memory problems under the mark MEMORIX. The defendant's application for the registration of MEMORIX as a trademark was abandoned after the plaintiff opposed. Upon notice from the plaintiff, the defendant removed from its website any mention that Memorix was a medicine that was allegedly similar to Memorit; however, it did not cease its use of the MEMORIX mark.

The district court held that the defendant had infringed the plaintiff's MEMORIT mark due to:

- the visual and phonetic similarity between the marks; and
- the fact that the products targeted the same public.

The court further held that the defendant had chosen the name Memorix in bad faith in order to free-ride on the reputation of the plaintiff's product. It noted that, as the plaintiff's product was a prescription-only medicine, while the defendant's product was a nutritional supplement, confusion was liable to result in consumer deception. The court also held that the defendant had committed passing off.

However, the district court found that no actual damage to the plaintiff had been proven, as the defendant's supplement did not pose a threat to the sale of the plaintiff's product. The court nevertheless issued a permanent injunction against the use of MEMORIX, and awarded statutory damages without proof of damage - a remedy available under Section 13 of the Commercial Torts Law (1999) - in the amount of IS150,000, as well as attorneys' fees in the amount of IS50,000.

On appeal, the Supreme Court held that the findings of the district court were well-founded and that the court had correctly applied the law. The Supreme Court did, however, reverse the award of statutory damages, as the lower court had not provided reasons for the calculation of the award. Noting that, under established case law, a court must have regard to the severity, number and duration of the tortious acts, the blame attached to the infringer, and the nature and size of the latter's business in determining the amount of statutory damages, the Supreme Court cancelled the award, since actual damage to the plaintiff had not been shown and other reasons had not been provided. The Supreme Court, however, left intact the award of IS50,000 in attorneys' fees, and awarded another IS25,000 in fees against the appellant.

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