



## Question Q214

**National Group:** Israel

**Title:** Protection against the dilution of a trade mark

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### Questions

#### I. Analysis of current law and case law

The Groups are invited to answer the following questions under their national laws:

1. **Do the laws of your country provide for protection against dilution of a trademark? If so, which laws?**

For many years, the anti-dilution doctrine did not receive explicit reference in the Israeli legislation but was rather a case law creation.

Following the Trips Agreement and its adaptation to the Israeli legislation, provisions concerning the protection of “well-known” trademarks were incorporated to the Israeli Trademark Ordinance, namely in Section 1 relating to the definition of “a well known mark” and the definition of infringement of a well known mark, in Sections 11(13) and 11(14) relating to non-registerability of trademarks and in Section 46A with respect to the “well known” trademark owner’s rights. The Israeli legal literature, as well as a number of cases that dealt with this issue, refer as a matter of fact to these legislative augmentations as the implementation of the anti-dilution doctrine into the Israeli jurisprudence.

Section 1 of The Israeli Trademark Ordinance defines a “well known mark” as follows:

*"A mark which is well known in Israel as a mark owned by a person who is a citizen of a member country, a permanent resident in it or has an active business industrial plant, even if the mark is not a registered trademark in Israel or is not used in Israel; In regards to determining whether a trademark is a well known mark in Israel the*

*following factors, inter alia, shall be taken into consideration: The extent of the mark's recognition in the relevant public circles, and the extent of the mark's recognition as a result of marketing efforts."*

The definition of Infringement in Section 1 of The Israeli Trademark Ordinance reads as follows:

*"infringement' - use by someone that is not entitled to such use -*

*...*

*(3) of a well known mark or a mark which is similar to it, even if not registered, as to cause confusion with respect to goods with respect to which the mark is known or related goods;*

*(4) of a well known mark or a mark which is similar to it, which is registered, , with respect to unrelated goods, as long as such use may indicate a link between said goods and the owner of the registered trademark, and the registered trademark owner may be negatively effected as a result of such use".*

Sections 11(13) and 11(14) of The Israeli Trademark Ordinance that relate to non-registrability of trademarks read as follows:

*"11(13):*

*A mark which is identical, or similar as to cause confusion with a well-known mark even if it is not a registered trademark, in relation to goods with respect to which it is well-known or to related goods.*

*11(14):*

*A mark which is identical, or similar to a well-known trademark that is registered, even in relation to unrelated goods, if the propounded mark indicates a link between said goods and the owner of the registered trademark, and the registered trademark owner may be negatively effected as a result of the use of the propounded mark".*

Section 46A of The Israeli Trademark Ordinance that deals with the trademark owner's rights reads as follows:

*"(a) A well-known trademark even if not registered, will grant its owner the exclusive right to use it with respect to goods for which it is well-known in Israel or with respect to related goods.*

*(b) A well-known trademark, which is registered, will grant its owners the exclusive right to use it with respect to unrelated goods, if the use of the trademark by someone other than its owners may indicate a link between said goods to the registered trademark owner, and the registered trademark owner may be negatively effected as a result of such use".*

Prior to the implementation of the "well known marks" doctrine, the Israeli Courts embraced the anti-dilution doctrine with respect to non-registrability of trademarks through Section 11(6) of The Israeli Trademark Ordinance which states as follows:

*"A mark which may mislead the public, a mark that has a false indication of origin and a mark which encourages unfair competition in commerce" [emphasis added].*

This section is also referred to in recent caselaw.

At this early point it should be noted that in light of the legislations mentioned above which incorporated the provisions of the TRIPS Agreement into the Israeli jurisprudence, and the incorporation of the "well-known trademark" doctrine to the Israeli Law, it is unclear whether section 11(6) of The Israeli Trademark Ordinance will continue to serve as an appropriate way of implementing the dilution doctrine.

Furthermore, as these legislations will most likely have an effect on the Israeli case law, it should be mentioned that the validity of judgments rendered prior to the new legislations - might be questioned.

There are other legislations which provide potential solutions to the problems which the anti-dilution doctrine attempts to solve. Such legislations include the Passing Off provision under the Commercial Wrongs Law and the Unjust Enrichment Law. Even though these legislations do not pertain directly to anti-dilution (nor to trademarks), they have been used in the Israeli case law in order to resolve legal questions and disputes arising from matters involving dilution of trademarks.

It is important to note that generally, the Israeli courts rarely apply the dilution doctrine. In most cases, the court's rulings are based on other legal doctrines and as such, the dilution doctrine is not thoroughly developed in the Israeli legal system.

## **2. Is there a legal definition of dilution in your legislation or case law?**

There is no definition for dilution to be found in the Israeli legislation. Although not defined by the Israeli legislator, dilution was defined by The Israeli Supreme Court in one of the leading precedents in relation to registration of the mark BAKARDI with respect to clothing which was opposed to by BACARDI & Co. Limited:

*"Dilution is defined as a situation where a strong trademark is being used without its owner's permission, and without creating confusion, which causes the whittling and blurring of the unique image and quality that the mark managed to pass to its consumers, and as a result, the trademark's positive image is damaged amongst the consumer public and its exclusiveness is diminished. The whittling of the trademark's image amongst the consumers public causes a diminution of the trademark's commercial value, due to the decrease of its sales ability (or strength)"*

### **3.1. Which trademarks are afforded protection against dilution? What are the eligibility criteria? (Please only briefly list the eligibility criteria here; more detailed explanations will be required below).**

The Israeli legislation while referring to the definition of “well known marks” indicates that *inter-alia* the following conditions should be taken under consideration: The extent of the mark’s recognition in the relevant consumer public and the extent of recognition as a result of marketing efforts. Further conditions were discussed by the Israeli Courts. The Courts indicated that trademarks that are afforded protection against dilution are only marks with "*such a great power that exceeds even beyond the scope of the specific product*".

In addition, factors used to determine whether or not a mark is "well known" have been indicated in the case law to include such factors as the level of recognition of a mark; the scope and duration of the use of a mark; the scope and duration of the advertisement of a mark; the geographical extent of these factors; the level of inherent or acquired distinctiveness of a mark; the extent of use of similar marks by third parties; the nature and variety of goods or services and the channels of trade for said goods or services bearing the mark; the extent to which the reputation of the mark symbolizes quality goods; the extent of commercial value ascribed to the mark and efforts to enforce the rights attributed by the mark.

Accordingly, one may discern that the eligibility criteria for protection against dilution are not finite, but are rather a composition of a number of factors which should be looked at collectively in order to determine whether or not a mark should be granted protection against dilution.

**3.2. To be eligible for protection against dilution, does a mark need to be distinctive? If so, does the protection depend upon the mark being inherently distinctive or are marks that have acquired distinctiveness through use also protected?**

The Israeli Courts ruled that the level of distinctiveness of a mark constitutes one of the sub-tests used to discern whether or not a mark is famous or well known. In one of the most known decisions relating to dilution the Supreme Court found that use of the mark ABSOLUT for a shoe store does not infringe the mark ABSOLUT registered for alcoholic drinks while referring *inter alia* to the descriptive nature of the word “absolute” as a laudatory word that describes completeness/wholeness.

That said, a ruling made by the PTO’s adjudicator with respect an opposition filed against registration of the mark PENTAX in 2003 indicated that a high level of acquired distinctiveness created through extensive use of the mark may support the proof of reputation even more so than inherent distinctiveness.

**3.3.1 To be eligible for protection against dilution, does a mark need to have a reputation or be well-known or famous? If so, when does a mark have a reputation, when is it well-known or when is it famous? Are the factors mentioned in paragraph 15 and 22 above relevant for determining whether a mark has a reputation, is well known or famous? For what point in time does this have to be assessed?**

Trademark dilution is referred to as dilution of reputation. Therefore, the existence of reputation of a mark is inherent in order to obtain protection against dilution. According to the Israeli case law, one of the sub-tests discussed in the Bakardi case which is required in order to obtain protection against dilution is demonstrating proof that use of the well known mark is done in order to promote the business of the user, in light of the acquired reputation of the owner of the famous trademark. This implies that in order to gain protection against dilution, the mark must be well known and a certain level of reputation must be proven. Nevertheless, it seems that a distinction between a famous and a well-known mark is not made in the Israeli legal system in the case of dilution and no sub-tests were created in order to discern the level of reputation of a mark specifically for dilution.

The tests used to determine whether or not a mark is considered "well known" have been implemented alternately in different rulings regarding dilution. The following factors should be taken into consideration in determining the level of reputation of a mark:

- The extent of actual recognition of the mark; this can be proven by market surveys and questionnaires.
- The duration and extent of use; volume of sales and the level of entry into the market;
- The duration and extent of advertising of the mark;
- The level at which the mark is known, being used, advertised, registered and enforced, or, if applicable, other factors which might indicate its distribution, locally, regionally or globally.
- The level of inherent or acquired distinctiveness of a mark;
- The level of exclusivity of the mark and the nature and amount of use of the mark or a similar mark by third parties; use by a number of entities of the mark might indicate that no link can be made between the reputation of the mark to any of the entities using it.
- The nature of goods or services and the marketing channels: when non-competing goods are at issue, if the mark is marketed through a number of marketing channels, then that will probably indicate a high degree of reputation which will result in broadening the protection of the mark with respect to not-competing goods. If the use of the mark is limited to a small market or to specific modes of marketing, then that will lead to a narrow protection in regards to non-competing goods.
- The level of the reputation of the mark as it conveys quality of goods.
- Examination of the mark's level of recognition must be done within the relevant sector of the public.
- It is not sufficient for a mark to be well-known and registered in order to be eligible for protection against use of the mark in respect to goods which are not related. The owner of the registered well-known trademark must show that use of the mark in respect to goods which are not related indicates a connection between the trademark used and the owner of the well-known registered trademark and that the owner might be damaged from such use of the trademark.
- The focus of the examination is not on the subjective motives of the owner of the junior mark in using the well-known mark, but rather on the expected objective outcome of such use.

- When examining the matter, one must take into consideration the countless examples of international companies that tend to broaden the use of their well-known trademarks beyond the scope of their original line of products.

A case dealing directly with the question of what point in time did the mark acquire its reputation has yet to be brought forth before the Israeli judicial system.

**3.3.2 For a mark to have a reputation or to be considered well known or famous, must it meet a certain knowledge or recognition threshold? If so, what is that threshold? What percentage of population awareness is required? How widespread must the awareness be across the country? If a mark is well known or famous in one country, what effect, if any, does this have with regard to other countries?**

According to the Israeli case law, a trademark owner should not be limited to certain criteria or specific indications of percentage of population awareness while attempting to demonstrate the notoriety of a trademark. All of the criteria indicated in section 3.3.1 above are taken under consideration and each case is judged on its own merits. Similarly, proof regarding notoriety in other countries may be taken under consideration while evaluating all other factors.

**3.3.3 What is the relevant population in determining the knowledge, recognition or fame of the mark, the general public at large or the relevant sector of public? Is recognition or fame in a limited product market ("niche market") sufficient?**

Article 1 of The Trademark Ordinance indicates one of the factors to be evaluated while determining whether a mark is "well known" and while evaluating the extent of the mark's recognition in the relevant public circles.

From the above definition of a "well known mark", it appears that the relevant population in determining the recognition of the mark is the relevant sector of the public to which the goods bearing the mark are intended.

**3.4. To be eligible for protection against dilution, is it required that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country where protection is being sought?**

The definition of a "well known mark" in section 1 of the Israeli Trademark Ordinance specifically indicates that such protection will be granted even if the mark is not a registered trademark in Israel or is not used in Israel;

The Israeli Court ruled that a mark's reputation exists due to the magnitude of exposure of Israeli consumers to products distributed outside the country's borders, even if the mark did not acquire reputation in Israel and even if the consumers were not necessarily exposed to the products bearing the mark in Israel. Nonetheless, the Israeli law

encourages registration of trademarks by providing greater protection to registered trademarks.

**3.5. Are there any other criteria a mark must comply with to be eligible for protection against dilution?**

Section 46A of The Israeli Trademark Ordinance specifically indicates two (2) criteria that must be proven in order for a mark to be eligible to protection: (1) the existence of a link between the relevant goods and the owner of the relevant trademark and (2) the question of detriment to the relevant mark.

**3.6. Is eligibility for protection against dilution a matter of law or an issue of fact? Who bears the burden of proof regarding the eligibility criteria? How does one prove that a mark meets the eligibility criteria? Are sales and advertising figures sufficient or is survey evidence required? Which evidential standard must this proof satisfy?**

The determination of eligibility for protection against dilution is a question that involves both matters of law and fact. Nevertheless, in the heart of the eligibility examination lays the issue of fact. The party requesting protection against dilution must prove its eligibility factually. The evidential standard that must be satisfied by the proof is the standard level needed to be met in any civil matter. The Trademark owner must prove its eligibility. A good way to prove such eligibility is by employing survey evidence, and also through sales and advertising figures which are also essential in order to establish reputation worthy of dilution protection.

In this regard, it should be noted, as noted above, that the Israeli Courts never made any binding requirements in regards to the method of proving eligibility for protection against dilution, except the common requirement that proof will be achieved through objective and substantiated means rather than through general and vague statements.

**3.7. Is there any registry of eligible marks in your country? If so, what is the evidentiary value of registration? Can it be challenged in litigation?**

There is no registry for well-known or famous marks in Israel.

**4. Does your law require the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark? If so, in which circumstances does a 'mental association' or 'link' between the earlier trademark and the later trademark exist? Are the factors mentioned in paragraph 27 and 28 above relevant for assessing the existence of such a 'mental association' or 'link'? Are there other factors to take into account? Is the assessment of a link a question of fact (so something that can be established by market surveys), or is it a question of law to be established by the courts or authorities on the basis of such factors?**

The law relating to the eligibility for protection of a “well known mark” beyond the scope of similar goods with respect to the eligibility of registration of the mark under Section 11(14), with respect to infringement of the mark under Section 1 and with respect to the protection granted to the mark under Section 46A(b), all refer to two (2) conditions that must be met : (1) the existence of a link between the relevant goods and the owner of the relevant trademark and (2) the question of detriment to the relevant mark. Both factors are a question of fact.

5. **Does such ‘mental association’ or ‘link’ between the earlier trademark and the later trademark automatically result in detriment to the earlier trademark’s repute or distinctive character? Or does detriment have to be proved over and above the existence of a ‘mental association’ or ‘link’?**

A ruling that a ‘mental association’ or ‘link’ exists between an earlier trademark and a later trademark, does not automatically provide that a detriment to the earlier trademark’s repute or distinctive character exists. Detriment should be proven separately.

6. **Are the same factors taken into consideration to assess the existence of detriment as those already discussed for the link? Are there additional ones?**

There are no specific rules under the Israeli law in assessing the existence of detriment. As such, detriment will be assessed according to the circumstances of each individual case and its relevant facts.

7. **Must actual dilution be proved or is a showing of likelihood of dilution sufficient? Whose burden of proof is it? How does one prove dilution or likelihood of dilution? Does detriment require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely? If so, what is a change in the economic behaviour of the average consumer? Is reduced willingness to buy goods sold under the earlier mark a change in the economic behaviour? How do you prove a change in the economic behaviour of the average consumer or likelihood of such change in behaviour?**

Demonstrating likelihood of dilution is sufficient. Similar to that stated in question no. 3.6 above, the burden of proof rests on the plaintiff, and the Court rules based on the "balance of probabilities".

It has been ruled that a reduced willingness to buy goods sold under the earlier mark is considered a change in the economic behaviour. Yet, there have not been any explicit means of proving such a change of willingness. Furthermore, it is apparent that in cases in which such an argument was made, use of market surveys and testimonies were used to prove such a change in economic behaviour, but no strict guidelines or rules have been set in this regard.

8. **What is the extent of protection afforded to marks which are eligible for dilution protection? May the owner of the earlier trademark object**

- **to the registration of a later trademark?**
- **to the actual use of a later trademark?**
- **in respect of dissimilar goods only or also in respect of similar goods?**

As stated above, an owner of trademark (registered or not, used in Israel or not) which is eligible for dilution protection may object the registration and use of a later mark. However, only a mark which is registered may also obtain protection against registration and use of dissimilar goods.

**9. What are the legal remedies? May the owner of the earlier trademark file an opposition and/or a cancellation action? May he ask for injunctive relief or preliminary injunctive relief? Does your trademark office refuse the registration of a later trademark on grounds of likelihood of dilution?**

The legal remedies which are available to the owner of the earlier trademark are diverse and resemble the remedies available to any other trademark owner under the Israeli Trademark Ordinance. As such, the owner of the earlier trademark may, *inter alia*, file an opposition and/or a cancellation action against the later trademark and he may ask for injunctive relief or preliminary injunctive relief. In addition, the Israeli Trademark Office may refuse the registration of a later trademark on grounds of likelihood of confusion.

**II. Proposals for adoption of uniform rules**

The Groups are invited to put forward proposals for adoption of uniform rules with a view to protecting trademarks against dilution. More specifically, the Groups are invited to answer the following questions:

**1. Which trademarks should be eligible for protection against dilution? What should the eligibility criteria be? Should recognition or fame in a limited product market (“niche market”) be sufficient?**

We support the rulings and precedents set by the Israeli Supreme Court in regards to this matter. As indicated by the Israeli Courts, each case should be judged on its own merits while considering all relevant factual factors detailed above including but not limiting to:

- The extent of actual recognition of the mark;
- The duration and extent of use; volume of sales and the level of entry into the market;
- The duration and extent of advertising of the mark;
- The level at which the mark is known, being used, advertised, registered and enforced, or, if applicable, other factors which might indicate its distribution, locally, regionally or globally.
- The level of inherent or acquired distinctiveness of a mark;
- The level of exclusivity of the mark and the nature and amount of use of the mark or similar marks by third parties;
- The nature of goods and the marketing channels;
- The level of the reputation of the mark as it conveys quality of goods.

2. **Should it be a criteria for being eligible for dilution protection that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country?**

Israel, being a use country should allow for protection of marks even if not registered. Accordingly, actual use, intent to use, registration of the trademark and/or filing of an application for registration, should separately and jointly assist a trademark owner in proving its eligibility to the protection under the dilution doctrine;

3. **Should there be a registry of eligible marks? If so, what should the evidentiary value of registration be? Should it be possible to challenge it in litigation?**

Considering the different factors involved in determining whether a mark is “well known” according to the Israel Court System, we believe it will be difficult to establish such a registry, however, such a registry may highly benefit owners of “well known” marks and simplify Court proceedings.

4. **Should the existence of a ‘mental association’ or ‘link’ between the earlier trademark and the later trademark be an independent requirement for a trademark dilution claim?**

Every case should be examined according to its unique circumstances. The existence of a 'mental association' or 'link' between the earlier trademark and the later trademark could be taken in as one of the factors mentioned in the answer to question no. 2.

5. **Should detriment to the distinctive character or reputation of the earlier mark require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely?**

Again as discussed above we believe that every case should be examined according to its unique circumstances and no strict rules should be determined in that regard.

6. **What should the remedies be for dilution of a mark?**

We are of the opinion that there is no reason to distinct the remedies available to trademark owners under the Israeli Trademark Ordinance to those which are available to a trademark owner eligible to the protection of the dilution doctrine.

National Groups are invited to comment on any additional issue concerning the protection of a mark against dilution.

**Note:** It will be helpful and appreciated if the Groups follow the order of the questions in their Reports and use the questions and numbers for each answer.

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