

Nike kicks out HIKE from register
Israel - Gilat, Bareket & Co, Reinhold Cohn Group
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Cancellation
National procedures

The registrar of trademarks has ordered the cancellation of the trademark HIKE for clothing on the grounds that there was a likelihood of confusion with the well-known trademark NIKE (August 26 2008).

In 1986 [Nike International Ltd](#) registered the word mark NIKE in Israel for goods in Class 25 of the [Nice Classification](#) (sports clothing). In 2000 an Israeli company, Shai Meher Sahar (1996) Ltd, registered the word mark HIKE for clothing in Class 25 (Registration 129015). The mark was allegedly in use before that date.

In 2005 Nike International and its Israeli subsidiary (collectively Nike) applied for the cancellation of the trademark HIKE under Sections 38 and 39 of the [Trademarks Ordinance 1972](#) on the grounds that:

- HIKE was not eligible for registration under the ordinance;
- HIKE was confusingly similar to NIKE under Section 11(9) of the ordinance; and
- use of the HIKE mark constituted an attempt to free-ride on Nike's goodwill.

Nike also relied on Section 46(A)(b) of the ordinance, alleging that use of the HIKE mark for similar goods implied the existence of a connection between HIKE-branded goods and Nike. In the alternative, Nike requested that the registrar order that the HIKE mark be supplemented with a logo in order to distinguish between the marks.

In assessing the likelihood of confusion between the marks, the registrar applied a three-pronged test which examines:

- the visual and aural similarity between the marks;
- the relevant consumers and the type of goods; and
- other relevant circumstances.

Applying the first prong of the test, the registrar found that the overall impression of the marks - considered as word marks without any additional elements - was similar from a visual and aural point of view. With regard to the visual similarity, the registrar pointed out that both marks consisted of four-letter words and that only the first letter differed. According to the registrar, this slight difference was insufficient to rebut a finding of similarity. Nike also argued that there was an increased likelihood of confusion among the segment of the Israeli population which uses the Cyrillic alphabet (in which the letter 'H' is transliterated as the letter 'N' in the Latin alphabet). The registrar agreed that this argument might be relevant in this case.

In addition, the registrar held that the marks were confusingly similar from an aural point of view (although the aural similarity would be less obvious if the goods were displayed), especially as a result of careless pronunciation. Moreover, the registrar rejected Shai

Meher Sahar's argument that the marks were pronounced differently (ie, 'hike' and 'naiki'), as he was not satisfied that the prevalent pronunciation of the mark NIKE in Israel was 'naiki' (rather than 'naik'). According to the registrar, the Hebrew transliteration of 'naik' returned more results in an internet search than 'naiki', and no market survey was presented to show which pronunciation prevailed among the public. Finally, there was a likelihood that consumers might mispronounce the HIKE mark as 'haiki'.

The registrar then turned to the similarity of the goods and marketing channels, and found that these coincided in part. The registrar rejected Shai Meher Sahar's argument that the difference in price, quality and marketing channels (ie, Nike's products are more expensive and are often sold through specialized or concept stores) was sufficient to avoid confusion. The registrar concluded that as the goods of both parties were affordable, the differences in quality and marketing channels did not eliminate the likelihood of confusion under Section 11(9) of the ordinance.

Finally, applying the 'common sense' test, the registrar found that the target consumers for Nike and Hike products were not substantively different, as the same type of purchasers were likely to be exposed to both products. The registrar concluded that the slight visual and aural differences between the marks NIKE and HIKE, as well as the marginal differences in marketing channels, were insufficient to avoid a likelihood of confusion.

Addressing Nike's argument that use of the HIKE mark damaged its reputation, the registrar took judicial notice of the fact that NIKE was a well-known trademark. Having held that HIKE is confusingly similar to NIKE, the registrar did not deem it necessary to consider Nike's claim of unfair competition and misappropriation of goodwill.

However, the registrar briefly addressed the issue of the protection of well-known marks. The registrar held that as Shai Meher Sahar was aware or ought to have been aware of the NIKE mark, the choice of the mark HIKE indicated an attempt to free-ride on Nike's goodwill. The threshold for a finding of implied connection with the owner of a well-known mark (Sections 11(14) and 46(A)(b) of the ordinance) is lower than that for a finding of confusion with an ordinary mark (Sections 11(9) and 11(6)) or an unregistered well-known mark (Section 11(13)). Shai Meher Sahar's admission that its goods were of lower quality further increased the potential damage to Nike's reputation.

Further, the registrar rejected Shai Meher Sahar's claim that the lack of evidence of consumer confusion demonstrated that there was no likelihood of confusion, holding that the lack of actual evidence did not imply that confusion did not occur. Shai Meher Sahar also claimed that the action was barred by estoppel or laches on the grounds that:

- the two marks had coexisted for a decade; and
- Nike had filed the cancellation action only shortly before the expiry of the relevant five-year period under Sections 38 and 39 of the ordinance.

The registrar rejected these claims, but noted that he would be prepared to consider favourably a new application for the registration of the trademark HIKE if it included a graphic element which would help distinguish between the two marks.

Consequently, the registrar cancelled the registration for the HIKE mark and awarded costs to Nike.

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