

World Trademark Review Daily

JERUSALEM COLONY infringes AMERICAN COLONY, says court
Israel - Gilat, Baret & Co, Reinhold Cohn Group

Confusion
Passing off

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In *American Colony of Jerusalem Ltd v The Jerusalem Colony Ltd* (Case 9091/07, October 29 2009), the Jerusalem District Court has enjoined the defendant, The Jerusalem Colony Ltd, from using the name Jerusalem Colony for a hotel complex under planning, holding that such use would infringe the registered trademark COLONY and the unregistered trademark AMERICAN COLONY, which are used in respect of a hotel in Jerusalem.

The plaintiff, [American Colony of Jerusalem Ltd](#), operates a luxury hotel under the name American Colony Hotel in a Jerusalem neighbourhood historically known as the 'American Colony'. The plaintiff has held a registration for the trademark COLONY for hotel services in Class 43 of the [Nice Classification](#) since 2006; the mark was registered by a third party in 1994. The plaintiff also sought to register several marks containing the words 'American Colony'.

The defendant sought to establish and operate a hotel called Jerusalem Colony in another neighbourhood of Jerusalem known as the 'German Colony'. In 2006 the defendant applied for the registration of JERUSALEM COLONY HOTEL, JERUSALEM COLONY and JERUSALEM COLONY RESIDENCE in Classes 36 (real estate) and 43 (hotel services).

The plaintiff brought suit for infringement of its registered mark COLONY and unregistered mark AMERICAN COLONY, passing off and other grounds, requesting an injunction and compensation.

The court first considered the validity of the plaintiff's registration, which had been challenged by the defendant. The defendant argued that the word 'colony' was ineligible for protection because it was generic and descriptive of the hotel's location. The word 'colony' is part of the name of many neighbourhoods in Israel and abroad. The defendant further contended that the word 'colony' could not have obtained secondary meaning so as to denote the plaintiff's hotel, since the latter had acquired the mark only shortly before the lawsuit was filed.

The court refused to find that 'colony' was ineligible for protection, holding as follows:

- 'Colony' is not a generic word for hotels or the hotel business.
- 'Colony' does not describe the plaintiff's hotel or the hotel business, and does not relate directly to the character or quality of the services in question (Section 11(10) of the [Israeli Trademarks Ordinance 1972](#) (New Version)).
- 'Colony' by itself is not a geographical term.
- 'Colony' has acquired secondary meaning with respect to the plaintiff's hotel. Distinctive character can, as a matter of fact, be acquired by one party while the registration of the mark is held by another. Thus, the fact that the mark was acquired by the plaintiff only in 2006 was irrelevant.

The court thus ruled that use of JERUSALEM COLONY by the defendant would infringe the registered trademark COLONY, as JERUSALEM COLONY contains the registered mark in its entirety without another dominant element. Use of JERUSALEM COLONY would also infringe the well-known unregistered mark AMERICAN COLONY, as both marks are confusingly similar. The fact that the American Colony Hotel is located in Jerusalem strengthened the likelihood of confusion between JERUSALEM COLONY and AMERICAN COLONY.

The defendant also invoked the 'genuine use' exception under Section 47 of the ordinance, which allows any genuine use by a party of the name of its place of business or a description of the character or quality of its goods. The court held that genuine use should be not only accurate, but also honest and essential. Whether use is essential is determined in light of whether:

- the goods and/or services are easily identifiable without using the mark;
- such use does not exceed what is necessary to identify the goods and/or services; and
- such use does not point to sponsorship of the trademark owner.

Based on these criteria, the court concluded that the defendant's use of its mark did not merit protection under Section 47 of the ordinance.

The court thus issued an injunction preventing the defendant from using the terms 'colony', 'Jerusalem

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Colony', 'Jerusalem Colony Hotel' and 'Jerusalem Colony Residence', or any mark confusingly similar to COLONY or AMERICAN COLONY. However, the court refused to award compensation to the plaintiff, as the defendant (which had not yet built or advertised the hotel) had made no commercial use of the marks. The plaintiff was awarded legal costs of IS40,000.

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