

World Trademark Review *Daily*

**Supreme Court revisits criteria for cancellation on grounds of non-use
Israel - Gilat, Bareket & Co, Reinhold Cohn Group**

**Cancellation
National procedures**

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In *Gigiessse Confezioni SpA v Wampum Ltd* (CA 2209/08, March 23 2010), the Supreme Court has held that extensive unauthorized use of a registered mark by a third party may constitute "special circumstances in the trade" which may excuse non-use by the trademark owner.

Gigiessse Confezioni SpA was the proprietor of a stylized mark containing the word 'zip', registered for clothing, footwear and headgear in Class 25 of the [Nice Classification](#). Gigiessse appealed the decision of the registrar of trademarks to cancel its registration on the grounds of non-use pursuant to Section 41 of the [Trademarks Ordinance](#) (5732/1972) at the request of Wampum Ltd, the former importer of Gigiessse's products in Israel.

The registrar found that Gigiessse had made no use of the mark within the three years preceding the application for cancellation, holding that:

- Gigiessse's action following Customs' seizure of the importer's shipment was defensive and did not constitute use of the mark; and
- use of the mark by an importer cannot be attributed to the proprietor of the mark pursuant to Section 41(f) of the ordinance if the importer has not been recorded as a registered authorized user.

The registrar further held that non-use of the mark by Gigiessse did not result from special circumstances in the trade, as extensive use by a former importer did not represent a special circumstance and, therefore, did not fall within the exception contained in Section 41(b) (for further details please see "[Recordal of licence as registered user agreement is mandatory](#)").

On appeal, the Supreme Court upheld the registrar's finding of non-use and expressly rejected Gigiessse's claim that intent to use alone suffices to prevent cancellation on the grounds of non-use. Defensive actions following the seizure of goods by Customs do not constitute use. The Supreme Court also reiterated the rule that failure to record a licence renders it void.

The Supreme Court went on to examine whether non-use could be excused under the statutory exception contained in Section 41(b), applying a two-prong test:

- whether "special circumstances in the trade" prevented use of the mark by its owner; and
- whether the owner intended to use the mark.

The Supreme Court opined that extensive use by an infringer may constitute "special circumstances in the trade" which may excuse non-use by the trademark owner. However, the court noted that Gigiessse had failed to show that it was the importer's conduct, rather than its own commercial considerations, that had prevented its re-entry into the Israeli market.

The court then considered whether there were any special circumstances that might allow the registrar to exercise his discretion and refuse to cancel the mark, even though the statutory requirements for cancellation on the grounds of non-use had been met. The court noted that, since the applicant for cancellation (ie, the importer) had started its infringing use of the mark without first applying for parallel registration of its mark, this justified maintaining the mark on the register, even if the public had come to identify the mark with the infringer.

Nevertheless, the Supreme Court decided to cancel Gigiessse's registration, since, by the time of the hearing, the applicant for cancellation had registered the ZIP mark and Gigiessse had failed to oppose such registration. The court considered that such conduct amounted to abandonment of the mark.

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