

World Trademark Review *Daily*

**Supreme Court refuses to grant additional hearing in snack shape case
Israel - Gilat, Baret & Co, Reinhold Cohn Group**

Passing off

September 02 2010

In *General Mills Inc v Meshubach Food Industries Ltd* (Case 8910/09, July 4 2010), the Supreme Court has refused to reconsider an October 2009 ruling in which it had upheld a decision of the Tel Aviv District Court dismissing *General Mills Inc's* passing off and unjust enrichment claims against two local manufacturers of cone-shaped snacks.

General Mills manufactures a cone-shaped corn snack which is marketed throughout the world under the Bugles brand. In Israel, General Mills supplies the half-baked product to major local food manufacturer *Osem*, which then bakes, packages and markets it under the mark APROPO.

General Mills brought an action for passing off and unjust enrichment against the defendants, two local competitors, alleging that they marketed identically shaped snacks under different brand names. The packaging of the defendants' products was different from that of General Mills' product, but featured a large image of the snack.

The shape of General Mills' snack was never registered as an industrial design. General Mills applied to register the shape as a trademark after the filing of the action, so the registrar of trademarks stayed the decision pending the outcome of the court proceedings.

The district court dismissed General Mills' claim primarily on the grounds that goodwill in the Apropro product - which had been proven - had accrued to Osem, and not General Mills. The district court also held that, while it had been demonstrated to the court that the Israeli public associates the shape of the product with the Apropro snack, there was no likelihood of confusion as to the source of the products because the brands and the packaging of the parties' products were different. The district court also rejected the claim of unjust enrichment (for further details please see "[No goodwill ownership in snack shape kills passing off claim](#)").

Dismissing the appeal, the Supreme Court first agreed with the district court that goodwill in the Apropro product belonged to Osem. The Supreme Court noted that, in the circumstances of the case, Osem's role was not merely that of a distributor - Osem had been involved in the creation of the brand name, and participated in the manufacturing, packaging and marketing of the product. The court refused to separate goodwill in the product's shape (which General Mills allegedly retained) from goodwill in the Apropro brand. However, the court observed that, technically, this obstacle could be overcome if Osem assigned its right to General Mills, thereby granting the latter the right to sue.

The Supreme Court also agreed with the district court that passing off requires a likelihood of confusion at the time of sale (which was not shown in the present case) and could not be based on likelihood of post-sale confusion (which General Mills also failed to show).

Finally, the court noted that the proper cause of action for an act of copying which does not amount to passing off is industrial design infringement under the Designs Ordinance. The claim of unjust enrichment was also rejected (for further details please see "[No likelihood of confusion between cone-shaped snacks, says court](#)").

General Mills requested an additional hearing of the appellate decision. Under Section 30 of the Courts Law 1984, a party may request that a matter decided by a panel of three Supreme Court judges be heard in an additional hearing by a panel of five judges. The designated Supreme Court judge may grant such a request if:

- the Supreme Court's ruling conflicts with the court's own case law; or
- the ruling warrants an additional hearing due to its importance, difficulty or novelty.

Here, the Supreme Court rejected the request for an additional hearing, holding that the ruling at issue, while representing a development in the laws on unfair competition, was not novel and did not meet the other conditions set forth in Section 30.

The Supreme Court concluded as follows:

- The finding that passing off cannot be based on a likelihood of confusion, either at the time of initial

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sale or at the time of secondary sale, was, while not expressly articulated, well anchored in earlier case law. In any event, in light of the finding that General Mills had failed to show injury from post-sale confusion, an additional hearing concerning the scope of the tort of passing off would be of no practical benefit.

- The finding that goodwill in the product was owned by Osem did not conflict with earlier case law but, on the contrary, refined case law on ownership of goodwill and applied it to the special circumstances of the case.

Total costs of IS22,500 were awarded against General Mills.

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