

World Trademark Review Daily

**Former distributor's sale of glasses frames in the US held to amount to passing off
Israel - Gilat, Bareket & Co., Reinhold Cohn Group**

Passing off

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In *Art Optic Ltd v Tomashover* (CC [TA Distr] 1661/07, December 30 2012), a former distributor was held to have committed the tort of passing off by selling in the United States painted frames for glasses similar to those previously distributed under a distribution agreement.

The plaintiff is a manufacturer of hand-painted frames for glasses, designed by artist Ronit Furst and bearing the mark RONIT FURST. The defendant acted as a distributor of these frames in the United States until the distribution agreement between the parties was terminated due to a dispute over payment terms. However, the defendant continued selling in the United States painted frames displaying similar colour combinations and floral designs, which bore the name Ronit Furst (and, according to the defendant, were not counterfeit). The Tel Aviv District Court issued a temporary injunction by consent.

In particular, the court held that the defendant had failed to establish that the products it sold were genuine or that counterfeit products did not emanate from it.

The court proceeded to analyse whether the facts of the case supported a finding of passing off, which, under the Israeli Commercial Torts Law 1999, requires proof that:

- the plaintiff has acquired a reputation in respect of its products; and
- there is a likelihood of confusion between the plaintiff's products and those of the defendant.

Although the sales occurred in the United States, the court did not address the question of the applicable law.

The court held that:

- the plaintiff had acquired goodwill in the products in the relevant market (the United States), which was demonstrated through the testimony of US retailers; and
- the defendant's products were confusingly similar to those of the plaintiff, as they had the same characteristic colour combinations, and used floral designs and the name Ronit Furst.

As to goodwill, the court held that the plaintiff had succeeded in proving that it had acquired goodwill in the mark RONIT FURST. However, the court did not address the issue of ownership of the brand; in determining that the goodwill belonged to the manufacturer of the branded goods rather than the owner of the brand itself, the court apparently departed from existing case law on this point.

The court also held that, under the Unjust Enrichment Law 1979, the defendant's conduct amounted to unjust enrichment at the expense of the plaintiff without lawful right to do so.

Accordingly, the court awarded damages by way of judicial assessment in the amount of US\$418,332.

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