
Ice Watch fails to prevent sale of watches allegedly copying unregistered design

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Israel - Gilat, Bareket & Co, Reinhold Cohn Group

In *Ice Watch SA v Time Concept 1999 Ltd* (CC (TA Distr) 23036-09-13, February 10 2014), the Tel Aviv District Court has held that a luxury watch manufacturer could not prevent a local retailer from offering for sale, under a brand name unrelated to the plaintiff, watches allegedly copying the plaintiff's newly launched unregistered design.

Belgian luxury watch manufacturer Ice Watch SA sued a local retailer, Time Concept 1999 Ltd, for offering for sale, under the brand Gallery, watches allegedly copying Ice Watch's recently launched watch models 'Ice-Chrono Party' and 'Ice-Chrono Elektrik'. The plaintiff's watch models were launched between 2012 and 2013 and were widely advertised in Israel.

The plaintiff claimed that the defendant's watches, which came to its attention in 2013, almost literally copied its design, including the dented external frame, the unique design of the three small watch faces in the centre of the watch and the absence of the digits 3, 6 and 9. The plaintiff relied on the grounds of copyright infringement, passing off and unjust enrichment.

The defendant argued, among other things, that the design of the plaintiff's products:

- merely combined generic design elements in a non-unique way; and
- was not associated with the plaintiff and was used by other manufacturers.

The defendant further argued that:

- its watches and their packaging prominently bore the brand name Gallery;
- its products were part of a range of watches sold under the brand Gallery; and
- its products retailed at a different price (ie, half the price of the plaintiff's watches).

The Tel Aviv District Court dismissed Ice Watch's claim on all grounds.

First, the court did recognise that the defendant's watches were highly similar to the plaintiff's 'Party' and 'Electric' models - a conclusion strengthened by the fact that, although other watch designs from different manufacturers were in the same style, none of them had a comparable degree of similarity to the plaintiff's models. However, the court noted that copying *per se*, in the absence of statutory protection under design or patent law, does not suffice to establish a cause of action. Therefore, it had to consider whether copying gave rise to any of the causes of action relied upon by the plaintiff - namely, passing off, copyright infringement and unjust enrichment.

With regard to passing off, the court held that the plaintiff had failed to show goodwill in the specific products at issue; the products had been launched recently and the plaintiff had only submitted evidence of its advertising campaigns, which the court found difficult

to dissociate from the advertising campaigns for Ice watches in general. No evidence of sales, consumer surveys or expert opinions regarding goodwill in the models at issue were submitted.

The court thus held that the plaintiff had failed to demonstrate that the public associated the specific watch models with the plaintiff. In this regard, the court noted that protection of a watch model would be tantamount to three-dimensional trademark protection of a product shape. Under the law laid down by the Supreme Court, this requires a showing of acquired secondary meaning and such protection will be granted only if the shape of the product is not merely functional or aesthetic. It was further held that the plaintiff had failed to demonstrate that there was a likelihood of confusion, given:

- the different brand names appearing on the products;
- the different packaging;
- the price difference between the parties' products; and
- the judge's determination that the purchase of a watch is not a routine everyday purchase and that a buyer is likely to scrutinise the product before purchasing.

The court also dismissed the claim of copyright infringement, holding that the design of the plaintiff's products, which were intended for industrial production, was not eligible for copyright protection under the applicable law; rather, it was eligible for registration as a design, which was not sought.

Finally, the court dismissed the claim of unjust enrichment. The court relied on case law under which, in order to amount to unjust enrichment, copying not otherwise prohibited by IP laws must be accompanied by an "additional element" that renders it extremely improper. The court held that, in the present case, no additional element had been shown and, in the absence of protection under passing off, a remedy under unjust enrichment would be appropriate only in exceptional circumstances where the "additional element" is of critical importance.

In the circumstances, the court ordered each party to bear its own costs.

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