World Trademark Review™ Daily

Use of slogan "The Champagne of Nature" for mineral water held to be unlawful

Israel - Gilat, Bareket & Co, Reinhold Cohn Group

Geographical indications/appellations of origin
Confusion
Dilution
Passing off

July 02 2015

In *Comité Interprofessionnel du Vin de Champagne v Eden Springs Ltd* (CC (TA Distr) 22286-03-11, May 19 2015), the Tel Aviv District Court (Justice Ginat) has had a rare opportunity to consider the unauthorised use of an appellation of origin. The court held that the defendant's long-term use of the marketing slogan "Water of Eden - The Champagne of Nature" (in Hebrew) for mineral water infringed the Comité Interprofessionnel du Vin de Champagne (CIVC)'s appellation of origin for Champagne wines, and amounted to passing off (confusion as to endorsement) and dilution of goodwill. The court issued injunctive relief against the use of 'Champagne' in Hebrew or Latin script, and awarded IS400,000 in damages to the CIVC.

The CIVC is a French statutory trade organisation representing Champagne growers; it is entrusted with, among other things, safeguarding the name Champagne. CIVC holds a registration in Israel for the appellation of origin 'Champagne' pursuant to the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration, to which Israel is a party and which is implemented in Israel via the provisions of the Appellations of Origin and Geographical Indications (Protection) Law (5725-1965).

In 2011 the CIVC sued various companies and officers of the group Eden Springs, a major Israeli manufacturer of mineral water, for its use of the marketing slogan "Water of Eden - the Champagne of Nature" (in Hebrew) to promote its mineral water product marketed under the brand Mey Eden (literally, 'Water of Eden') on the grounds of:

- infringement of an appellation of origin;
- trademark infringement;
- infringement of a geographic indication;
- passing off;
- dilution; and
- unjust enrichment.

Eden Springs launched its "Eden Waters – The Champagne of Nature" marketing campaign in the mid-1980s. The mark, including the company's name in a prominent font, and the slogan "The Champagne of Nature" in a smaller font, appeared on bottles, water cans and the company's trucks, and in media advertising. In 2003 a device mark including the slogan was registered. The word 'Champagne' was never used alone, but always as part of the slogan and accompanied by the company's 'rainbow' logo.

Eden Springs reduced its use of the mark between 2005 and 2009 and since 2011, in an attempt to switch to other marketing campaigns.

The court rejected Eden Springs' threshold defence of prescription, holding that the 'continuing violations' doctrine applied. The court further held that Eden Springs' use of the well-known name Champagne could not have been made in good faith. It noted that Eden Springs had failed to:

- produce written records (including legal advice and advertising agency materials) relating to the adoption of the slogan;
- bring witnesses directly involved in its creation (beyond the company officers' more general testimony); or
- provide an explanation as to the reason why the slogan was not used for marketing in European markets.

The court also took into account Eden Springs' recent marketing campaign that made use of the words "the real thing" in Hebrew and, as alleged by CIVC, thus drew on Coca-Cola's campaign and evidenced a practice of encroaching on others' intellectual property. Absent good faith, delay could not amount to laches

or acquiescence and could only affect the calculation of damages.

Substantively, Eden Springs primarily argued that the word 'Champagne' has become, in Hebrew, a generic word for sparkling wines and that it had acquired an additional meaning denoting quality, prestige and a festive spirit, including specifically in the collocation 'the Champagne of', meaning 'the best of'. The court ruled, based on dictionary evidence presented by language experts and on consumer surveys, that the word 'Champagne', although widely used for sparkling wines in general and only associated with Champagne in France by a minority of the respondents, was not shown to have become generic in the sense of losing its original meaning and distinctiveness – a conclusion which, under the relevant case law, requires great caution – or to have taken on a widespread additional meaning for 'the best of' in Israel. It was noted (but not sufficiently elaborated in respect of Israeli law) that, under the Lisbon Agreement, an appellation of origin does not become generic.

The court further determined that Eden Springs' use of the slogan created a likelihood of association of its product with Champagne wines.

The court ruled that Eden Springs was liable for unlawful use of a registered appellation of origin, in contravention of Section 22 of the Appellations of Origin Law, opining that, contrary to Eden Springs' claim, protection of an appellation of origin should not necessarily be limited to products of the same kind. The court ruled that Eden Springs' use was unlawful in that it drew on Champagne's reputation for quality, taste and transparency deriving from its geographical place of origin, which was also relevant to the promotion of mineral water.

Given the determination of Eden Springs' bad faith, such use could not be excused as an established trademark right under domestic law acquired prior to 2000, under Section 33A of the Appellations of Origin Law (enacted in conformity with the TRIPS Agreement).

The court, however, found that there was no infringement of a geographical indication under the Appellations of Origin Law, which requires the existence of confusion as to the origin of the goods, which the court determined was not likely.

Importantly, drawing on English law and relying on the *Migdor* case (*Migdor v Gayl* ([2010] CA 45/08)), the court determined that Eden Springs' use of the slogan constituted passing off, finding that the requirement of a likelihood of confusion as to origin was met by a likelihood of false endorsement of the defendant's product by the plaintiff.

The court cited the German case of *Peter Eckes v CIVC* (I ZR 109/85, BGH 1 Zivilsenat, "*Ein Champagner unter den Minerlwaessern*"), where the defendant was found liable for unfair competition for using the slogan "A Champagne of Mineral Waters".

The court further held that Eden Springs' use of 'Champagne' to market its product by drawing consumers' attention through a known and prestigious mark could lead to the mark's dilution and amounted to an extraordinary case, for which Israeli case law recognises the dilution of goodwill as a cause of action.

The court, however, found no trademark infringement, as the slogan, examined in its entirety, was deemed to be dissimilar to any of the registered marks belonging to specific Champagne manufacturers, which disclaimed the use of 'Champagne' other than within the mark and which were not deemed to be well known. The court left open the issue of whether the name 'Champagne' by itself was an unregistered well-known mark, as it deemed it unnecessary in light of its determination on passing off.

The unjust enrichment laws were held to be inapplicable, because the Appellations of Origin Law and the tort of passing off constitute an exhaustive arrangement leaving no room for remedies under unjust enrichment laws.

The court awarded damages by way of judicial assessment in an amount of IS400,000, taking into account, in this respect, the CIVC's delay in bringing the suit.

Attorney fees of IS200,000 and other legal costs were adjudicated against Eden Springs.

David Gilat and Sonia Shnyder, Gilat Bareket & Co, Reinhold Cohn Group, Tel Aviv

World Trademark Review™ Daily

World Trademark Review **(*www.worldtrademarkreview.com*) is a subscription-based, practitioner-led, bi-monthly publication and daily email service which focuses on the issues that matter to trademark professionals the world over. Each issue of the magazine provides in-depth coverage of emerging national and regional trends, analysis of important markets and interviews with high-profile trademark personalities, as well as columns on trademark management, online issues and counterfeiting.**