

## Well-known perfume companies dealt blow in ‘smell-alike’ case

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### ISRAEL

Legal updates: case law analysis and intelligence

- Ten well-known perfume companies sued an Israeli maker of ‘smell-alike’ perfumes for trademark infringement
- The court found that the use of the plaintiffs’ registered trademarks by the defendant fell under the ‘fair use’ defence
- The reference to the reputation of the plaintiffs and their trademarks was done in good faith, and not in an attempt to mislead the public

“ What’s in a name? That which we call a rose, by any other name would *smell* as sweet. ”

(*Romeo and Juliet*, William Shakespeare) (emphasis added)

### Introduction

In a consolidated judgment concerning three separate actions filed approximately six years ago by 10 well-known perfume companies (including Armani, Chloe, Davidoff, Hugo Boss, Lancôme, L’Oréal, Polo and companies related to Britney Spears), the Tel Aviv District Court has dismissed all actions against an Israeli maker of ‘smell-alike’ perfumes.

The case of *Chloe SAS v Oil de Lamor* (CC (TA) 61865-03-17, 30 July 2023) required the Tel Aviv District Court to:

- strike the correct balance between the scope of trademark protection afforded to perfumes and the principles of free economy and freedom of occupation by competitors; and
- delineate the boundary between allowed and forbidden activities when imitating the fragrance of well-known perfumes and using third-party trademarks without permission.

The court went along with the adage from William Shakespeare's play *Romeo and Juliet*, implying that the sweet smell did not depend on the name, and indirectly rejecting Gertrud Stein's idea that "a rose is a rose is a rose" - namely, that simply using the name of a thing already invokes the imagery and emotions associated with it.

## Background

The plaintiffs brought an action for trademark infringement and unfair competition, primarily alleging passing off and unjust enrichment. The plaintiffs contended that defendant Oil de Lamor tried to benefit from the reputation of the registered trademarks by making its perfumes identifiable through the goodwill associated with the trademarks. The plaintiffs argued that the defendant used their trademarks with only minor modifications. Moreover, they claimed that the defendant's use of their trademarks could not be deemed to fall under the "genuine description" exception, since the scent of the defendant's products was different, and did not meet the "fair and reasonable" requirement; further, it was not necessary to use the trademarks to describe the defendant's products. The plaintiffs sought a permanent injunction and damages.

The defendant sells oil-based perfume products with scents that are said to match known luxury brands. These 'smell-alike' perfumes are sold at a lower price, while referencing the well-known brands. Nevertheless, the defendant's products did not bear the plaintiffs' trademarks; rather, the products referred to the original perfumes by using similar, contorted names (eg, 'La vie est belle'/'Lavible', and 'Chloe'/'Cloe'). In addition, the words "scent similar to..." or "compatible with..." were allegedly used to inform consumers of the products' nature without deception as to their source.

The defendant argued that it was entitled to the 'fair use' defence, since such use was necessary to describe and identify the perfumes, as the products were scent-compatible with the plaintiffs' perfumes. In addition, it contended that such use was reasonable and fair, since the defendant's company name and trademark were prominently displayed on the perfumes, and there was a statement clarifying that the perfumes were merely "compatible" products.

## Decision

The court dismissed the trademark infringement claim, holding that the defendant distinguished between its products and those sold under the registered trademarks. The court further held that the reference to the reputation of the plaintiffs and their trademarks was done in good faith, and not in an attempt to mislead the public.

Based on expert opinions submitted by the parties, the court held that the defendant had met the burden of establishing the similarity between the fragrances of the perfumes that it sold and the perfumes sold under the plaintiffs' trademarks. It held that the defendant's reference to the plaintiffs' products, as a basis to attribute the scents, constituted a commercial activity that reflected reality.

After reviewing the different approaches of the EU, UK and US courts to the question of the use of a third-party trademark to describe a similar or compatible product, the court held that, although the Israeli legislator bans the direct use of a registered trademark (or any confusingly similar mark) by third parties without the owner's permission, it is not prohibited to refer to the original products sold under the trademark in order to sell compatible or similar products, provided that there is no deception.

The court further held that the use of the registered trademarks by the defendant fell under the 'fair use' defence. Nevertheless, the court ordered the defendant to use the Hebrew language on all products sold in Israel, instead of using the word 'compatible' in English.

## Comment

The Tel Aviv District Court was evidently of the opinion that trademarks rights may not be used to prevent the sale of 'smell-alike' perfumes - at least where the registered trademarks are not copied literally. It is yet to be seen how the courts will implement the concept adopted by the Tel Aviv District Court in this judgment.

The judgment is not yet final and may be appealed to the Supreme Court.

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