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Well-Known and Famous Trademarks in Israel: TRIPS from Manhattan to the Dawn of a New Millennium!

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Well-Known and Famous Trademarks in Israel: TRIPS from Manhattan to the Dawn of a New Millennium!

Amir H. Khoury*

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INTRODUCTION

*An extremely humble haberdasher, operating from a very small shop, was offering brassieres for sale under the trademark COCA-COLA. The Bailiff conducting the seizure asked 'Why are you using the trademark COCA-COLA to designate brassieres?' With total naïve[te] the haberdasher replied: 'Because it makes them sell.'*¹

With every revolution of planet Earth, the information technology revolution reveals its far-reaching effects on all aspects of our lives. The volume and intensity of people's mobility and accessibility to information and ideas have intensified our common experience and heritage as citizens of a "global village." Today, mobility is of the essence. Our consumption of foreign ideas and products has grown and often predominates our domestic consumption. Our awareness of what is "out there" has further penetrated the isolated bubble that once was our home. The continuous rise in the status of well-known and famous marks demonstrates that some trademarks and service marks have become common knowledge for consumers on a global scale. This article will examine the rise of well-known and famous marks in the Israeli legal system from Israel's initial judicial recognition of marks to the recent amendment of the Israeli Trademarks Ordinance. Naturally, this examination will be conducted in an international context because Israel's approach is deeply rooted in international trademark law.

¹ FREDERICK W. MOSTERT, FAMOUS AND WELL-KNOWN MARKS 276 (1997).

I. THE INTERNATIONAL SETTING

A. The International Roots of Commitment to the Protection of Well-Known Marks

Before embarking on a study of judicial protection of well-known and famous trademarks in Israel, it is imperative to understand the international legal and conceptual sources of trademark protection.

Air travel, global casting by satellites, and the Internet have all contributed to our planet's transformation into a "global village." In 1997, an estimated 2,300 satellites operated and the number has since grown.² The Internet is widely used for direct brand promotion. Moreover, approximately one million passengers fly internationally every day. Frequent exposure to international advertisement enables people to become familiar with various brands in other countries.³

As a result of this extensive commercial network, brands are no longer confined to a limited local or national market. An ever-increasing number of brands now function in the burgeoning global marketplace. As one commentator has observed, "[b]rand producers find themselves providing goods and services in bigger and bigger markets created by free trade pacts and the creation of single markets throughout the world."⁴ The global citizen is now able to recognize brands such as COCA-COLATM, McDONALD'STM, MICROSOFTTM, YAHOOTM, FERRARITM, SONYTM, KODAKTM, VIAGRATM, CNNTM, INTELTM, PIZZA HUTTM, VOLVOTM, BOEINGTM, and KELLOGG'STM, among many others.

The rationale for granting a wider scope of protection to well-known marks has been summarized by one commentator as follows: "[a]s a general principle, the more well-known a trademark, the

² See Frederick W. Mostert, *Well Known and Famous Marks: Is Harmony Possible in the Global Village?*, 86 T.M.R. 103 (1996) (stating that "[s]atellite traffic over our village has increased from 1 satellite in 1957 to an estimated 2300 satellites today.").

³ *Id.* (noting that "[o]ur global village provides increasing opportunities for us, as world citizens, to purchase internationally famous branded goods and services.").

⁴ See MOSTERT, *supra* note 1, at 2.

wider the scope of protection it is afforded due to an increased likelihood of confusion as to source or sponsorship (particularly in today's climate of licensing and merchandizing of well-known . . . marks. . .)."⁵ A counter-approach to the likelihood of confusion standard derives from the principle of specialty. Under this principle, trademarks are protected only for the goods or services for which they are registered.⁶

Against the backdrop of these two competing standards of trademark protection, numerous international agreements protect trademarks and other intellectual property rights (hereinafter "IPRs"). These agreements aim to create a unified set of rules applicable to all countries that grant trademark protection. It is not always possible, however, to ensure uniform compliance due to ever-growing political frictions among countries. These rules, then, create a *de facto* minimum level of protection of IPRs.⁷

This article will review the specific provisions drafted in conventions and other agreements that have shaped the protection granted to well-known and famous marks around the world, including the Paris Convention for the Protection of Industrial Property⁸ and the Agreement on Trade Related Aspects of Intellectual Property Rights.⁹ While a substantial number of other

⁵ Clark W. Lackert, *Famous Marks: Dilution from an International Perspective*, 476 P.L.I./Pat. 87, 91-92 (1997).

⁶ Case C-375/97, *General Motors Corp. v. Yplon SA*, 1999 E.C.R. I-542, [1999] E.T.M.R. 122, 129 (1998) (stating that under the principle of specialty, "marks should be protected only in relation to the goods or services in respect of which they are registered or in relation to similar goods or services").

⁷ See generally Harriet R. Freeman, *Reshaping Trademark Protection in Today's Global Village: Looking Beyond GATT's Uruguay Round Toward Global Trademark Harmonization and Centralization*, 1 I.L.S.A. J. INT'L & COMP. L. 67 (1995); Marshall A. Leaffer, *The New World of International Intellectual Property Law Review*, 2 MARQ. INTELL. PROP. L. REV. 1 (1998); Kenneth L. Port, *Trademark Harmonization: Norms, Names & Nonsense*, 2 MARQ. INTELL. PROP. L. REV. 33 (1998); Robert M. Sherwood, *The TRIPS Agreement: Implications for Developing Countries*, 37 IDEA 491 (1997).

⁸ Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, art. 1, 21 U.S.T. 1538, 828 U.N.T.S. 305 [hereinafter Paris Convention].

⁹ Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization [hereinafter WTO

regional and bilateral treaties and international organizations deal with IP and trademark matters,¹⁰ their effect on Israeli law is limited.

B. The Paris Convention for the Protection of Industrial Property

The Paris Convention for the Protection of Industrial Property (hereinafter "Paris Convention") of 1884 is the principal international treaty protecting trademarks as well as other forms of IPRs, such as patents and trade secrets. The Paris Convention provides a minimum level of protection for IPRs of national and foreign proprietors. The World Intellectual Property Organization (hereinafter "WIPO"), a United Nations agency established in 1967, administers the Paris Convention.¹¹ Under the Paris Convention, member countries constituting the "Paris Union" must afford national protection to foreign trademark owners who apply for trademark protection.¹²

The Convention requires separate registration in each Paris Union country. This forces a trademark proprietor seeking multi-

Agreement], Annex 1C, LEGAL INSTRUMENTS—RESULTS OF THE URUGUAY ROUND, vol. 31, 33 I.L.M. 1125 (1994) [hereinafter TRIPS Agreement].

¹⁰ See, e.g., North American Free Trade Agreement, Dec. 17, 1992, Can.-Mex.-U.S., 32 I.L.M. 289 (containing provisions setting forth minimum standards of protection for trademarks) [hereinafter NAFTA]; Council Directive 89/104/EEC, 1989 O.J. (L40) 1 (the European Community's attempt to unify Community trademark law) [hereinafter European Harmonization Directive]; see also Lackert, *supra* note 5, at 124-53 (detailing various agreements and organizations responsible for administering those agreements, including the World Intellectual Property Organization (WIPO), World Trade Organization (WTO), and World Customs Organization (WCO)).

¹¹ Lackert, *supra* note 5, at 149-50.

¹² See Paris Convention, *supra* note 8, art. 2(1), 21 U.S.T. at 1631, 828 U.N.T.S. at 313 (providing that "[n]ationals of any country of the Union shall, as regards the protection of industrial property, enjoy in all other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals . . . they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights.").

jurisdictional protection to register its mark in each country where protection is sought.¹³

1. Article 6bis of the Paris Convention

The Revision Conference of the Paris Convention, held at the Hague in 1925, introduced a supra-national rule whereby registration or third party use of a similar or identical trademark could be enjoined in the case of an unregistered “well-known” mark.¹⁴ By granting such broad protection, Article 6bis of the Paris Convention is often considered the “cradle” for protection of well-known trademarks.¹⁵

Article 6bis does not require that a well-known mark also be used in that country.¹⁶ Accordingly, some commentators believe that Article 6bis protects well-known marks in a country without prior use therein.¹⁷ Most countries, however, have tested well-known marks according to the concepts of passing-off¹⁸ and required local use as a pre-condition to protection.¹⁹ In fact, most countries seem to

¹³ See *id.* art. 6(1), 21 U.S.T. at 1639, 828 U.N.T.S. at 325 (providing that “[t]he conditions for the filing and registration of trademarks shall be determined in each country of the Union by its domestic legislation.”).

¹⁴ See *id.* art. 6bis(1), 21 U.S.T. at 1640, 828 U.N.T.S. at 325 (stating that “[t]he countries of the Union undertake . . . to refuse . . . the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered . . . to be well-known in that country.”); *but see* MOSTERT, *supra* note 1, at 7 (the Paris Convention does not define or establish criteria for which trademarks will qualify as well-known).

¹⁵ *Cf.* Mostert, *supra* note 2, at 107 (noting that “in some countries, Article 6bis is ‘self executing’ in the sense that interested parties may directly claim its application by administrative and judicial authorities in that country.”)

¹⁶ See Paris Convention, *supra* note 8, art. 6bis, 21 U.S.T. at 1640, 828 U.N.T.S. at 325 (requiring use for identical or similar goods without geographic limitation).

¹⁷ See Mostert, *supra* note 2, at 117-18 (stating that “[p]rotection is to be granted on the basis that the particular mark has acquired a sufficient reputation in that jurisdiction without the precondition of actual use.”).

¹⁸ See WADLOW, *THE LAW OF PASSING OFF* 1 (1990) (“[p]assing-off is concerned with misrepresentations made by one trader which damage the goodwill of another.”); *see generally id.* at 8-22 (detailing the doctrine’s history and application from common law to modern day).

¹⁹ *But see* MOSTERT, *supra* note 1, at 353 (explaining that Japan’s statutes are silent on whether actual use is required as a condition to protection of well-known marks in Japan).

adopt the axiom: “no local business, no local goodwill,” as illustrated in *Anheuser-Busch Inc. v. Budejovicky Budvar Narodni-Podnik*.²⁰

In *Anheuser*, a British court rejected the claims of passing-off related to the famous BUDWIZER mark. The court reasoned that international goodwill was an insufficient basis to protect a mark with no local supporting business.²¹ The sale of millions of beer products bearing the BUDWIZER mark to U.S. army bases in Britain was insufficient to constitute use in Britain. This narrow interpretation of Article 6*bis* led one commentator to state that,

although the ‘floor’ of international protection for well-known trademarks is set forth in the Paris Convention, the lack of protection for well-known marks due to additional local restrictions uncover[s] the basic flaw in the treaty, namely, that that it has no ‘teeth’ and is subject to wide ranges of interpretation. . . .²²

In response to additional restrictions imposed by various countries, the International Trademark Association (hereinafter “INTA”)²³ resolved that well-known marks should be protected without requiring registration and/or actual use in the particular jurisdiction, provided that the mark had sufficient local reputation to be well-known.²⁴ In its resolution, INTA suggested various criteria that should be considered when deciding what constitutes sufficient local reputation.²⁵

²⁰ *Anheuser-Busch Inc. v. Budejovicky Budvar Narodni-Podnik*, [1984] F.S.R. 413 (UK).

²¹ *See id.* (reasoning that Anheuser had not sold products to the general public in England and did no business in England when Budejovicky first entered the English market).

²² Lackert, *supra* note 5, at 103.

²³ International Trademark Association (INTA), *About INTA: Mission Statement* (explaining that INTA is an international association of trademark owners and professionals dedicated to the support and advancement of trademarks), at <http://www.inta.org/about/mission.shtml> (last visited Apr. 2, 2002).

²⁴ INTA, *Trademark Review Commission Report and Recommendations to USTA President and Board of Directors*, 77 T.M.R. 375, 458-95 (1987) [hereinafter INTA Resolution].

²⁵ *See* Lackert, *supra* note 5, at 105-07; INTA Resolution, *supra* note 24, at 458-62 (describing various criteria according to which marks may be considered well-known or famous); *see also infra* Part II.B.

Although it is not clear, Israeli courts seem to approve of the requirement of local business or use of the mark. However, the recent amendment to Israeli trademark law²⁶ adopted an expansive interpretation, under which no actual use of the well-known mark in Israel is required. This article argues that the more expansive interpretation should apply since the Paris Convention did not require use in the contested jurisdiction. The Paris Convention required only that the mark be “well-known.”²⁷

C. The Agreement on Trade Related Aspects of Intellectual Property Rights

The 1994 Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter “TRIPS”) was formulated at the December 1993 Uruguay Round of the General Agreement on Tariffs and Trade (hereinafter “GATT”).²⁸ TRIPS established substantially higher standards of protection for IPRs including trademarks, patents, copyrights, industrial designs, trade secrets, integrated circuits (i.e., semiconductors) and geographical indications.²⁹ Under TRIPS, pharmaceutical products and computer software, previously unprotected in many countries, are now protected.³⁰ Moreover, TRIPS grants stronger protection than other

²⁶ Law for Amending IP Laws (Compatibility with TRIPS), 1999, S.H. 41 [hereinafter Law for Amending IP Laws].

²⁷ See Paris Convention, *supra* note 8, art. 6*bis*(1) (prohibiting the registration and use of marks likely to create confusion with a well-known mark but not mentioning use as a condition to protection).

²⁸ General Agreement on Tariffs and Trade, Oct. 30, 1947, 61 Stat. A3, 55 U.N.T.S. 187 (amending a variety of treaty instruments and providing fundamental rules in regulation of international trade) [hereinafter GATT]. See JACKSON, DAVEY & SYKES, INTERNATIONAL ECONOMIC RELATIONS 289 (3d ed. 1995) (discussing the history and legal evolution of GATT).

²⁹ See TRIPS Agreement, *supra* note 9, arts. 9-39, 33 I.L.M. at 1201-13.

³⁰ See *id.* art. 27, 33 I.L.M. at 1208 (“patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application”); *id.* art. 10(1), 33 I.L.M. at 1201 (“computer programs, whether in source or object code, shall be protected”); *id.* art. 10(2), 33 I.L.M. at 1201 (“[c]ompilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations shall be protected”).

international agreements such as the Paris Convention and the Berne Convention for the Protection of Literary and Artistic Works.³¹

TRIPS became enforceable on July 1, 1995, and is administered by the World Trade Organization (hereinafter "WTO").³² TRIPS intended to eliminate the hurdles that may arise in international trade with respect to IPRs.³³ TRIPS introduced protections to IPRs while trying to ensure that such protections do not hamper international trade.³⁴ TRIPS aimed to facilitate promotion and distribution of technological innovations for the benefit of producers and consumers alike.³⁵ In promulgating new international rules and norms for protection of IPRs, TRIPS intended to establish a unified framework that will have positive and significant economic results.³⁶ These norms were especially warranted in view of the extreme number of infringements of IPRs worldwide. TRIPS emphasized enforcement both internally and at the borders, taking into account the widespread nature of infringement of IPRs.³⁷ It further provided that enforcement procedures should be meaningful.³⁸ In so doing, the

³¹ Cf. Laurence R. Hefter & Robert D. Litowitz, *What is Intellectual Property* (distinguishing various international conventions and agreements protecting IPRs), at <http://usinfo.state.gov/topical/econ/ipr/> (last visited Apr. 2, 2002).

³² See TRIPS Agreement, *supra* note 9, 33 I.L.M. at 1197 (providing that members desired to reduce distortions and impediments to international trade).

³³ See *id.*, 33 I.L.M. at 1144.

³⁴ See *id.* (highlighting that members sought to "ensure that measures and procedures to enforce intellectual property rights d[id] not themselves become barriers to legitimate trade").

³⁵ See *id.* art. 7, 33 I.L.M. at 1200 (providing that "[t]he protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology").

³⁶ See *id.* (providing that protection and enforcement of IPRs will be advantageous to both producers and users of technological knowledge . . . in a manner conducive to social and economic welfare).

³⁷ See TRIPS Agreement, *supra* note 9, art. 51, 33 I.L.M. at 1217 (providing that a right holder may petition customs authorities for suspension of the release of infringing goods into free circulation).

³⁸ See *id.* art. 41, 33 I.L.M. at 1213-14 (specifying that "[m]embers shall ensure that enforcement procedures . . . are available . . . so as to permit effective action against any act of infringement of [IPRs] . . . including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements.").

enforcement mechanisms in TRIPS may be more effective than those found in the Paris Convention.³⁹

TRIPS promulgated a variable timetable depending on the specific country types. TRIPS gave industrialized countries one year (until July 1, 1996), developing countries five years and countries shifting from centrally planned economies until January 1, 2000, to infuse its provisions into their national laws.⁴⁰ Least developed countries will have until 2006 to implement TRIPS.⁴¹

TRIPS set standards for various topics and issues related to trademarks. It required signatories to register service marks and trademarks and prohibited mandatory linking and compulsory licensing of marks, thereby enhancing protection for well-known marks. It provided additional protection for wines and spirits.⁴² Moreover, TRIPS introduced two significant innovations regarding well-known marks.⁴³ First, it granted protection for well-known marks covering dissimilar goods under certain circumstances. Second, it made Article 6*bis* of the Paris Convention applicable to services.⁴⁴ Article 16 of TRIPS stated that a court must consider reputation in the relevant sector of the public when evaluating whether a mark is well-known.⁴⁵ An owner may establish reputation

³⁹ See Lackert, *supra* note 5, at 119-23 (comparing the enforcement mechanisms of TRIPS to those in the Paris Convention).

⁴⁰ See TRIPS Agreement, *supra* note 9, art. 24(3), 33 I.L.M. at 1206.

⁴¹ Israel was classified as a developing county and was therefore obligated to enact a law incorporating changes to the relevant IPRs by Jan. 1, 2000. Israel complied by enacting a law effective on January 1, 2000. See Draft Bill Amending the IP Laws, 1999 H.H., 523 (proposed law) [hereinafter Draft Bill]; Law for Amending IP Laws, *supra* note 26 (law as enacted).

⁴² See TRIPS Agreement, *supra* note 9, art. 23, 33 I.L.M. at 1205-06 (requiring members to facilitate means of contesting geographically misdescriptive marks for wines and spirits); *id.* art. 23(2), 33 I.L.M. at 1206 (stating that registration of geographically misdescriptive marks for wines and spirits shall be refused or invalidated).

⁴³ Lackert, *supra* note 5, at 121. See also *id.* at 114-23 (detailing TRIPS' contribution to the protection of well-known marks).

⁴⁴ See TRIPS Agreement, *supra* note 9, art. 16(2), 33 I.L.M. at 1203-04 (providing that "Article 6*bis* of the Paris Convention shall . . . apply . . . to services.").

⁴⁵ *Id.* (emphasizing that "[i]n determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.").

among a substantial segment of the public, rather than the general public.⁴⁶

II. WELL-KNOWN OR FAMOUS MARKS AND THEIR PARAMETERS

A. *Well-Known v. Famous*

Well-known marks are those known to a substantial segment of the public due to considerable awareness, widespread use, and continuous publicity.⁴⁷ What then distinguishes a well-known mark from a famous one? The difference between these two types of marks is “only one of degree.”⁴⁸ Famous marks are those marks that are well-known to the extent that they have transcended their initial function of “distinguishing origin” into the function of “radiating attraction.” As one commentator states,

[t]he extraordinary extension of advertising techniques and procedures has given rise to a socio-psychological phenomenon, which is that of the ‘famous’ trademark. . . . A famous trademark is that which has been able to achieve a secondary function distinct from its first and natural function (i.e., that of distinguishing the products which it distinguishes by means of their origin). This second function involves the exercise of a power of attraction, resulting from the famous status of the [mark] itself, totally independent of the products or their origin.⁴⁹

Israeli courts have not sufficiently distinguished between well-known and famous marks. In fact, courts have used the terms

⁴⁶ *Id.*

⁴⁷ See, e.g., Mostert, *supra* note 2, at 115 (well-known marks are those known to a substantial segment of the relevant public because they are associated with particular goods or services).

⁴⁸ MOSTERT, *supra* note 1, at 270.

⁴⁹ *Id.*

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interchangeably and with no distinction.⁵⁰ French law recognizes that “well-known and famous marks . . . appear to have been assimilated, a result that is not entirely justified.”⁵¹ This also appears to be the case in many other countries.⁵² As one commentator notes,

[C]ase law has ranged from the words ‘famous’ to ‘highly reputed’ to ‘widely known’ to ‘well known’, among other definitions. To make sense of these definitions is virtually impossible, since judges are apt to make up a new term as soon as a new decision is rendered on the subject.⁵³

To determine whether a mark is “regular,” well-known or famous, it is possible and advisable to employ surveys and market analysis techniques.⁵⁴

B. Criteria for Acquiring the Status of Well-Known or Famous Marks

Until the recent amendment of Israeli trademark law, the Israeli legislature provided no rules according to which marks could qualify as famous or well-known. The Israeli courts, therefore, much like courts in other countries, attempted to set guidelines.⁵⁵ Through national laws and organizations, various countries have attempted to define the required criteria for a mark to be considered well-known

⁵⁰ *Id.* at 21 (reasoning that “a highly precise, strict differentiation between ‘famous’ and ‘well-known’ marks is not possible as these concepts are relative . . . the terms . . . are often used synonymously or conjunctively probably [because of] their similar underpinning.”).

⁵¹ *Id.* at 270.

⁵² See Lackert, *supra* note 5, at 154-75 (commenting that courts in various countries use both terms interchangeably to describe well-known marks).

⁵³ *Id.* at 90-91.

⁵⁴ See 62B Am. Jur. 2d *Private Franchise Contracts* § 226 (1990).

⁵⁵ See, e.g., D.C. (T.A.) City Cent. Ltd. v. Chanel (French Société Anonyme) (Israeli Bar Association Legal CD-ROM, February 1995) (deception of the consuming public a controlling factor); C.C. (Nh.)

147/94, Lego a/s (Kirby a/s) v. Shmil Metal Factory and Welding for Housing Ltd., 1990 (3) P.M. 194 (whether dominant component of allegedly infringing mark is identical to famous mark is significant).

or famous.⁵⁶ Other countries have set guidelines in legislation, including the U.S. (in the Lanham Act),⁵⁷ Brazil (in the Industrial Property Code of Brazil)⁵⁸ and Canada (in the Canadian Trade-marks Act).⁵⁹ In addition, various organizations have submitted criteria including WIPO, in its Report of WIPO's Committee of Experts on Well-Known Marks⁶⁰ and the INTA, in its 1987 resolution.⁶¹ Foreign trademark offices have also created criteria for determining well-known status, including the Chinese and Japanese trademark offices.⁶²

Unfortunately, courts have not been coherent in defining these criteria and their respective weight. However, over the years, the totality of decisions has provided a rough list of such parameters. The following is a summary of the criteria introduced and formulated by courts, legislatures and international organizations:⁶³

⁵⁶ See MOSTERT, *supra* note 1, at 8-17 nn.1-13.

⁵⁷ 15 U.S.C. § 1125(c) (2002) (listing among other factors, the degree of inherent or acquired distinctiveness and the duration and extent of advertising and publicity of the mark).

⁵⁸ Lei No. 9,279, de 14 de mai de 1996, D.O.U. de 15.05.1996.

⁵⁹ See Canadian Trademarks Act, R.S.C., ch. T-13, § 5 (1995) (Can.).

⁶⁰ *Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the W.I.P.O. at the Thirty Fourth Series of Meetings of the Assemblies of the Member States of WIPO*, art. 3, W.I.P.O. Doc. WKM/CE/III/2 (1999) (listing factors such as the duration, extent and geographical area of mark promotion, market share in the territory where the mark is protected, quality-image held by the mark, and record of successful protection of rights in the mark).

⁶¹ See INTA Resolution, *supra* note 24, at 458-62 (endorsing as factors the mark's local or worldwide recognition, its degree of inherent or acquired distinctiveness, its local or worldwide duration of use and advertising, its local or worldwide commercial value, the local or worldwide geographical scope of the use and advertising of the mark, local or worldwide quality image that the mark has acquired, and local or worldwide exclusivity of use and registration attained by the mark, and the presence or absence of identical or similar third party marks registered or used on identical or similar goods and services).

⁶² See MOSTERT, *supra* note 1, at 255-57 (discussing the Chinese Trademark Office's rules for assessing and administering well-known marks which formed the basis of well-known mark protection in China); *see id.* at 348-50 (reporting the criteria set forth in the Japanese Trademark Examination Standards).

⁶³ See generally AMIR FRIEDMAN, TRADEMARKS 165-68 (1998); Mark R. Becker, *Streamlining the Federal Trademark Dilution Act to Apply to Truly Famous Marks*, 85 IOWA L. REV. 1387, 1389 (2000) (noting that "[t]he Federal Trademark Dilution Act lists eight exclusive factors to help courts determine whether a trademark is famous).

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a. The degree of inherent or acquired distinctiveness of the mark with respect to the sole source of the products that it covers:

If the mark is not sufficiently distinctive then it may be necessary to show that the mark has acquired secondary meaning on a global scale.⁶⁴

b. The duration and extent of use of the mark in connection with goods or services:

Here it is helpful to produce figures attesting to the active efforts of “injecting” the mark into the market, the current and increasing scope of sales of products bearing the mark and the market share of the good/services bearing the mark (as compared with competing goods or services).⁶⁵ Understandably, continuous, large-scale and ever-increasing use of the mark boosts the mark’s recognition and fame. Therefore, the wider the geographical scope of use of the mark, the more likely it will be protected.

Since the early 1980s, Israeli courts have emphasized that where a risk of consumer deception is shown, the required degree of reputation that the mark has acquired decreases. In one case,⁶⁶ the court held that the owner of a well-known mark could oppose the registration of a similar or identical mark, even if his mark was not registered in Israel.⁶⁷ Israeli courts have not granted that type of protection where the mark was not well-known.

For example, in *Kalil Metal Indus. Ltd. v. Mifromal Jerusalem Ltd.*,⁶⁸ Kalil introduced a three-line scratch/scar design mark on its aluminum profiles. Mifromal soon thereafter introduced a similar two-scratch/scar design mark on its competing products. The court

⁶⁴ See *Nabisco, Inc. v. P.F. Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999) (explaining that marks with little distinctiveness are ineligible for protection unless they have secondary meaning).

⁶⁵ See MOSTERT, *supra* note 1, at 11 (volume of sales and depth of market penetration should assist in proving fame); see also *id.* (commenting that “recognition of the mark as reflected in the market share of the goods or services for which the mark is used will have significant probative value”).

⁶⁶ H.C. 476/82, *Orlogad Ltd. v. The Patent, Model and Trademark Registrar and S.T. Dupont, a French Société Anonyme*, 39(2) P.D. 148.

⁶⁷ *Id.*

⁶⁸ C.A. 144/85, *Kalil Metal Indus. Ltd. v. Mifromal Jerusalem Ltd.*, 42(1) P.D. 309.

rejected Kalil's opposition to Mifromal's registration, reasoning that Kalil's mark was still new and consumers did not yet associate it with Kalil.⁶⁹ The court determined that Microfal's "two lines" were easily distinguishable from Kalil's "three lines."⁷⁰ The court ruled out any possibility of confusion since consumers of these products were professional and could distinguish between the products.⁷¹

c. The duration and extent of advertising and publicity of the mark:

Advertising campaigns of goods or services bearing the mark assist in a determination that the mark is well-known or famous.⁷² Even "young" marks intensively advertised abroad might qualify as having earned consumer recognition in Israel.⁷³

d. Whether the mark is known to a substantial segment of the public:

This can be accomplished by statistical analyses and consumer and retailer surveys evidencing consumer demand, preferences and recognition of the mark.⁷⁴ Generally, the focus should be on the segment of the interested public rather than the general public.⁷⁵

e. The channels of trade of the goods or services for which the mark is used:

Where the goods or services bearing the mark are distributed by various means and at various locations, the mark is more likely to be considered well-known.⁷⁶ In addition, the scale of the covered

⁶⁹ *Id.* at 315.

⁷⁰ *Id.* at 316.

⁷¹ *Id.* at 317.

⁷² See MOSTERT, *supra* note 1, at 12 (reasoning that "[t]he more effective the advertising, the longer will be the shadow cast by the famous or well-known mark.").

⁷³ A young mark recently so qualified. Orange PLC owned the ORANGE mark for telecommunications. Due to an extensive advertising and marketing campaign spanning several months in Israel, this mark acquired the status of a well-known mark in Israel.

⁷⁴ *But see* MOSTERT, *supra* note 1, at 31 (warning that "[a]s survey evidence is not universally acceptable and since the knowledge of the mark is to be gauged against the relevant sector of the public than the public at large . . . the degree of reputation required should not be determined by a rigid benchmark.").

⁷⁵ See TRIPS Agreement, *supra* note 9, art. 16(2), 33 I.L.M. at 1203-4.

⁷⁶ See 15 U.S.C. § 1125(c)(1)(E) (2002).

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product's distribution reflects the mark's reputation and may further indicate its fame.⁷⁷

f. The nature and extent of use of identical or similar marks by competitors:

Where potential competitors are eager to use identical or similar marks, a court assumes that the mark has acquired fame and recognition.⁷⁸ A mark of substantial renown will usually attract competitors to use similar marks in an attempt to generate income based on the mark's goodwill. This typically applies in infringement cases where a competitor uses a similar or identical mark for goods or services that differ from those covered by the famous mark.⁷⁹

In *City Cent. Ltd. v. Chanel (French Société Anonyme)*,⁸⁰ the court inferred substantial goodwill from the defendant's keenness to use the CHANEL mark.⁸¹ As one commentator observed, "court[s] will readily infer that a defendant who set out to deceive has succeeded in doing so."⁸² This is especially the case where a defendant had the opportunity to avoid confusion with the well-known mark.⁸³ Consequently, courts have not hesitated to put the applicants for or users of marks similar to well-known marks in the "hotseat."⁸⁴ As a

⁷⁷ See *id.* § 1125(c)(1)(F).

⁷⁸ See, e.g., C.A. 2498/97 *Robi Boss Ltd. v. Hugo Boss A.G.*, 53(4) P.D. 53.

⁷⁹ See, e.g., *Lego System A/S v. Lego M. Lemelstrich Ltd.*, [1983] 9 F.S.R. 155 (U.K.).

⁸⁰ D.C. (T.A.) 5526/94 and 749/94, *City Cent. Ltd. v. Chanel (French Société Anonyme)* (Israeli Bar Association Legal CD-ROM, February 1995).

⁸¹ *Id.* at 6.

⁸² D.M. KERLY, *LAW OF TRADEMARKS AND TRADE NAMES* 457-58 (T.A. Blanco White & Robin Jacob eds., 1983).

⁸³ See *J & J Snack Foods Corp. v. McDonald's Corp.*, 932 F.2d 1460, 1464 (Fed. Cir. 1991) (courts accord preference to the prior user of a mark as against a newcomer because the newcomer has the opportunity and obligation to avoid confusion with the well-known mark).

⁸⁴ See, e.g., C.A. 2498/97 *Robi Boss Ltd. v. Hugo Boss A.G.*, 53(4) P.D. 53.

matter of course, Israeli courts request such applicants to explain their reasons for choosing a mark similar to another's well-known mark.⁸⁵

g. The duration of registration of the mark in its country of origin:

Due to the rapid movement of goods and information, the duration of registration in a mark's country of origin is becoming a less central issue.⁸⁶ Many marks earn their fame quickly due to massive advertising campaigns.⁸⁷ In addition to registration in the country of origin, registration in several jurisdictions further evidences a mark's fame.⁸⁸

h. The commercial relevance and marketing exposure of the mark:

Commercial relevance and marketing exposure further develop a mark's fame. Many leading marks are constantly associated with popular and widely viewed events. Leading tobacco brands are often associated with auto racing events, while leading soft drinks and beers are associated with sporting events.⁸⁹ This massive exposure can expand the scope of the mark's fame to goods or services that it does not cover.⁹⁰

⁸⁵ See C.A. 715/68, *Frou-Frou Biscuits Ltd. v. Froumine & Sons Ltd.*, 23(2) P.D. 43; see also H.C. 476/82, *Orlogad Ltd. v. The Patent, Model and Trademark Registrar and S.T. DuPont*, (French Société Anonyme), 39(2) P.D. 148.

⁸⁶ Cf. MOSTERT, *supra* note 1, at 3 (explaining that registration is becoming less of an issue because often "the owner has filed an application to register the mark, but is caught [in] the lengthy official process that is involved before the mark can be registered").

⁸⁷ See *supra* note 73 (explaining how quickly Orange PLC earned fame within months of advertising).

⁸⁸ See generally Marshall A. Leaffer, *The New World of International Trademark Law*, 2 MARQ. INTELL. PROP. L. REV. 1 (1998).

⁸⁹ MOSTERT, *supra* note 1, at 1 (stating that "universally attractive events . . . such as the OLYMPIC GAMES are estimated to be viewed by over one billion viewers . . . on a single day. The last WORLD SOCCER CUP was viewed by approximately half a billion viewers per match and FORMULA 1 RACING is watched by about .3 billion viewers per race during 16 GRAND PRIX races a year in 121 countries.").

⁹⁰ See *id.* at 12 (noting that "[a]dvertising can expand the reputation of a famous or well-known mark not only beyond the territory in which the goods or services are actually sold but also beyond the specific goods or services in relation to which the mark is used.").

III. PRE-2000 AMENDMENT OF ISRAELI LAW & CASE LAW

A. Recognizing the Existence of Famous and Well-Known Marks

In a gradual process, Israeli courts have acknowledged the existence of famous and well-known marks whose reputations transcend borders and classifications. This is probably due, in part, to the fact that an ever-increasing number of Israelis are encountering new products and marks both in their travel abroad and through various channels of information and communication. Most of the Israeli public is linked to cable networks or satellite television. In addition, many Israeli homes are connected to the Internet. In this respect then, Israel is on par with many developed countries.

Despite its alignment with developed countries, however, Israel's doctrinal response to well-known marks has been unique. For example, in *Manhattan Co. v. Hamagfer Ltd.*,⁹¹ the Israeli Supreme Court initially refused to acknowledge the dilution doctrine,⁹² despite the fact that countries like the U.S. already applied this doctrine.⁹³ In *Manhattan*, Manhattan Co. owned Israeli trademark registrations for the MANHATTAN™ and LADY MANHATTAN™ marks for shirts, undergarments, nightgowns, and ties. The respondent, Hamagfer Ltd., sold footwear under the mark MANHATTAN. The court held that there could be no infringement where the marks did not cover goods of the "same description." Even if the defendant intended to benefit from plaintiff's goodwill,⁹⁴ the

⁹¹ C.A. 352/69, *Manhattan Co. v. Hamagfer Ltd.*, 23(2) P.D. 373.

⁹² See WADLOW, *supra* note 18, at 139 (explaining that "[a] mark is likely to be strongest if used by one trader only. Should another trader use the same mark for different goods or services, then the attractive power of the mark may become diminished."). Dilution is a doctrine under which the first trader may remedy the dilution of distinctiveness caused by the second trader's use of its mark for different goods.

⁹³ See, e.g., *Pro-phy-lac-tic Brush Co. v. Jordan Marsh Co.*, 165 F.2d 549, 553 (1st Cir. 1948) (recognizing the dilution doctrine as early as the 1940s but limiting its application to highly similar marks).

⁹⁴ *Id.* at 377.

dilution here went unrecognized because dilution was not yet incorporated into Article 1 of the Israeli Trademark Ordinance.⁹⁵

After *Manhattan*, Israeli courts changed their position drastically. In *Yigal Kardi v. Bacardi & Co. Ltd.*,⁹⁶ the Supreme Court argued that the *Manhattan* holding should be revised in view of changes in Israeli case law and international trade practices.⁹⁷ The *Bacardi* court limited application of *Manhattan* to infringement cases, thereby preventing its application in cases related to registration.⁹⁸

Despite Israel's initial rejection of the dilution doctrine, Israeli courts did protect renowned marks from bad-faith uses as early as 1969, before the *Manhattan* decision. In *Mitferet Hadarom Ltd. v. H.D. Lee Co.*,⁹⁹ two conflicting applications were filed for the LEE mark for fashion wear. One application was filed by an Israeli company and the other by the Lee Company. The court rejected the application filed by the Israeli company because the Lee Company had used the LEE mark worldwide for several decades. The court determined that the Israeli company intended to benefit from Lee Co.'s trademark's goodwill. This constituted unfair competition. Moreover, the Israeli company showed no proof of good faith in its proposed usage of the LEE mark.

The *Mitferet* decision was a strong precedent because the court also recognized that the interrelation between types of goods is ever changing.¹⁰⁰ "Whether goods are in the same description or not may change with the years depending upon the changes in the fields of industry and commerce."¹⁰¹ As is apparent from Israeli case law, courts have liberally construed which goods will be considered "the same description."¹⁰² The *Mitferet* decision supports the argument that while Israeli trademark law appeared territorial before the recent

⁹⁵ *Id.* (illustrating that dilution was not incorporated into Article 1's definition of infringement).

⁹⁶ C.A. 6181/96, *Yigal Kardi v. Bacardi & Co. Ltd.*, 52(3) P.D. 276.

⁹⁷ *Id.* at 283.

⁹⁸ *Id.* at 284.

⁹⁹ H.C. 95/68, *Mitferet Hadarom Ltd. v. H.D. Lee Co.* 22(2) P.D. 189.

¹⁰⁰ *Id.* at 191.

¹⁰¹ KERLY, *supra* note 82, at 148.

¹⁰² *Id.* at 144.

amendment, Israeli courts had already created an exception for marks that were distinctive of the products of famous persons or corporations.

B. The Protection Afforded by Pre-Amendment Israeli Law

Unlike countries such as the U. S., Brazil and China,¹⁰³ Israeli courts did not clearly define the protection afforded to well-known marks until recently. This lack of clarity may have stemmed from courts' refusal to participate in judicial activism. For example, the *Manhattan* court¹⁰⁴ reasoned that rules for protecting well-known marks from dilution should be set by the legislature, not by the judiciary.¹⁰⁵ These rules were partially promulgated in the legislature's amendment¹⁰⁶ of the Israeli Trademarks Ordinance (hereinafter "the Ordinance"). Even before the amendment (hereinafter "the Amendment") to the Ordinance, however, the Ordinance¹⁰⁷ contained provisions useful for protection of well-known marks against registration or use of similar or identical marks.¹⁰⁸

Article 11(6) of the Ordinance prohibited the registration of marks that might confuse the public or cause unfair competition in trade.¹⁰⁹ While no clear reference was made to well-known marks, proprietors of well-known marks benefited from this provision because

¹⁰³ See Charles D. Paglee, *Chinese Trademark Law Revised: New Regulation Protecting Well-Known Trademarks*, 5 U. BALT. INTELL. PROP. L. J. 37 (1997) (describing the protection of well-known and famous marks in China); see also Stanton J. Lovenworth and Kurt P. Dittrich, *Protection of Well-Known Trademarks in China*, 78 J. PAT. & TRADEMARK OFF. SOC'Y 181 (1996); Kenneth L. Port, *Protection of Famous Trademarks in Japan and the United States*, 15 WIS. INT'L L. J. 259-279 (1997) (comparing famous trademarks in Japan to those in the U.S.).

¹⁰⁴ C.A. 352/69, *Manhattan Co. v. Hamagfer Ltd.*, 23(2) P.D. 373.

¹⁰⁵ *Id.* at 379.

¹⁰⁶ See Law Amending IP Laws, *supra* note 26.

¹⁰⁷ Trademarks Ordinance (New Version), 1972, 2 L.S.I. 292, (1972) [hereinafter Trademarks Ordinance].

¹⁰⁸ See, e.g., *id.* art. 11(6), 2 L.S.I. at 295.

¹⁰⁹ See *id.* (providing that marks likely to deceive the public, containing false indications of origin or encouraging unfair trade competition are not eligible for registration).

registration of a mark similar or identical to their marks might have caused consumer confusion and constituted unfair competition.

Consequently, before the Amendment, Article 11(6) of the Ordinance was widely cited and utilized by owners of well-known marks in their respective bids against the registration of marks that they deemed similar or identical to their own.¹¹⁰ In addition to mark owners, courts and the trademark registrar also cited Article 11(6) in various key decisions involving well-known marks.¹¹¹

In *Yigal Kardi v. Bacardi & Co. Ltd.*,¹¹² Kardi attempted to register the BAKARDI mark for fashion wear. Bacardi & Company, owner of the well-known BACARDI mark for alcoholic beverages, opposed issuance of the mark.¹¹³ The trademark registrar accepted the opposition based on Article 11(6), reasoning that registration of an almost identical mark constituted unfair competition, even if the proposed mark covered different goods.¹¹⁴ The registrar concluded that the BACARDI mark was recognized throughout the world, and that Kardi was trying to capitalize on Bacardi's goodwill.¹¹⁵ In so reasoning, the registrar protected the mark's scope of protection over a broad range of goods.

The Israeli Supreme Court for civil appeals upheld the registrar's decision.¹¹⁶ The court reasoned that it was possible to blend the rationales of international goodwill and the dilution doctrine into the unfair competition clause of Article 11(6) of the Ordinance. The court further held that unauthorized use of a business's goodwill constitutes unfair competition.¹¹⁷ The court reasoned that trademarks

¹¹⁰ See, e.g., C.A. 6181/96, *Yigal Kardi v. Bacardi & Co. Ltd.*, 52(3) P.D. 276.

¹¹¹ See, e.g., *id.*

¹¹² *Id.*

¹¹³ *Id.* at 277.

¹¹⁴ *Id.* at 280.

¹¹⁵ Note, *Trademark Rights Strengthened in Israel*, 9 J. PROPRIETARY RTS. 25 (1997) (noting that the trademark registrar adopted similar reasoning in connection with the well-known ELLE mark used in connection with fashion magazines).

¹¹⁶ C.A. 6181/96, *Yigal Kardi v. Bacardi & Co. Ltd.*, 52(3) P.D. 276.

¹¹⁷ *Id.* at 282.

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with international renown beyond the specific goods that they covered deserved strong protection.¹¹⁸

The court presented three additional reasons for protecting famous trademarks. First, a third party should not be allowed to reap the fruits of goodwill that it did not sow.¹¹⁹ Second, the owner of a famous mark could be hurt by dilution of his mark.¹²⁰ Third, a mark owner should not be stifled should it want to later register its mark for a different class of goods.¹²¹ If the BAKARDI mark was registered for “fashion wear,” then Bacardi Co. might have been precluded from registering its famous mark for “fashion wear.”¹²² The court disfavored this result.¹²³

Another provision in the Ordinance, Article 11(9), prohibited registration of a mark that was confusingly similar or identical to a mark of the same description already registered in Israel.¹²⁴ Article 11(9) provided little protection to owners of well-known marks and its coverage is limited in scope.¹²⁵ Article 11(9) afforded protection only to those marks already registered in Israel.¹²⁶ Therefore, the article did not assist the proprietor of a well-known mark not yet registered in Israel and/or against a mark registered for a different description of goods/services.

¹¹⁸ *Id.*

¹¹⁹ *Id.* at 283.

¹²⁰ *Id.* at 284.

¹²¹ C.A. 6181/96, Yigal Kardi v. Bacardi & Co. Ltd., 52(3) P.D. 276.

¹²² *Id.* at 283.

¹²³ *Id.* at 284 (reasoning that precluding Bacardi Co. from registering its famous mark for fashion wear would unreasonably undermine its proprietary rights, even though Bacardi had no present intention of so registering).

¹²⁴ See Trademarks Ordinance, *supra* note 107, art. 11(9), 2 L.S.I. at 295 (stating that “a mark identical [to] one belonging to a different proprietor which is already on the register in respect of the same goods or description of goods, or so nearly resembling such a mark as to be calculated to deceive” is not eligible for registration).

¹²⁵ *Id.*

¹²⁶ *Id.*

In addition, Article 11(9)'s prohibition extended to goods of the same description. Initially, as exemplified in the *Manhattan* decision,¹²⁷ Israeli courts defined this term narrowly. Israeli courts later altered their position and more liberally construed whether goods were of the same description.¹²⁸ Furthermore, Article 12 of the Ordinance authorized the trademark registrar to refuse registration of marks identical or confusingly similar with the name of another person.¹²⁹ Article 12 was used primarily to defend against infringing uses of trade names.

Evidently, until the Amendment, the main distinction regarding well-known marks was between two factual alternatives: one in which marks covered the same type of goods or services, and one in which they did not.¹³⁰

1. First Possibility: Where Marks Cover Similar Goods or Services

The prohibition against registering a mark similar or identical to a famous mark for similar goods/services has been applied with relative ease. Article 11(9) may be employed where the marks covering similar goods or services are already registered in Israel. The proprietor of a well-known mark not yet registered in Israel cannot utilize this article. Unlike Article 11(9), Article 11(6) is not limited to marks already registered in Israel. Therefore, courts and the trademark examiner have endorsed Article 11(6) in cases where the well-known mark is not registered.¹³¹

¹²⁷ C.A. 352/69, *Manhattan Co. v. Hamagfer Ltd.*, 23(2) P.D. 373.

¹²⁸ H.C. 95/68, *Mifret Hadarom Ltd. v. H.D. Lee Co.*, 22(2) P.D. 189.

¹²⁹ See Trademarks Ordinance, *supra* note 107, art. 12, 2 L.S.I. at 295 (stating that "[t]he Registrar may refuse an application for registration of a trade mark identical with or resembling the name or business name of another person, or containing a name identical or resembling the aforesaid, if the mark is likely to deceive the public or cause unfair competition).

¹³⁰ See FRIEDMAN, *supra* note 63, at 173-75.

¹³¹ See, e.g., D.C. (T.A.) *City Cent. Ltd. v. Chanel (French Société Anonyme)* (Israeli Bar Association's Legal CD-ROM, February 1995); *but see* Trademarks Ordinance, *supra* note 107, art. 11(6), 2 L.S.I. at 295 (mark must be likely to cause consumer deception or encourage unfair competition to trigger art. 11(6)).

It has been easier for courts to refuse registration of marks that are intended to cover goods/services already covered by a similar mark. Israeli case law reflects a substantial number of decisions to this effect. For example, in *William Grant & Sons v. N.I. Diskin Ltd.*,¹³² the court held that use of petitioner's famous GRANT'S mark by respondent for similar goods (i.e., alcoholic beverages) constituted consumer deception and hampering of plaintiff's goodwill.¹³³ The court reasoned that consumers might associate the respondent's mark with the applicant's goodwill and form a false connection between petitioner's whiskey and respondent's vodka.¹³⁴

While the prohibition set forth in Article 11 is clear, the rule has exceptions found in Article 47 of the Ordinance.¹³⁵ Among these exceptions is permitted use of a famous mark to indicate spares or accessories.¹³⁶ This exception is the outgrowth of Israel's allowance of third party usage of another's famous mark to indicate the quality or character of its own goods.¹³⁷

In the case of *Gillette Co. v. Amir Mktg.*,¹³⁸ the Tel-Aviv district court allowed a third party to use Gillette's marks to indicate spares or accessories. In *Amir Mktg.*, American Safety Razors (hereinafter "ASR") indicated on its razor blade cartridge packaging that it fit PERSONNA™, WILKINSON PROFILE™, and GILLETTE™ CONTOUR™ razors. The Court held that ASR could use Gillette's famous mark to indicate the qualities of its own products,¹³⁹ so long as ASR did not convey that its product was associated with Gillette. Applying this rationale, the court concluded that ASR's use of the GILLETTE mark was reasonable and not "unjust" enrichment.¹⁴⁰

¹³² C.A. (T.A.) 1236/93, *William Grant & Sons Ltd. v. N.I. Diskin Ltd.*, 26(2) P.M. 746.

¹³³ *Id.* at 750.

¹³⁴ *Id.* at 751.

¹³⁵ Trademarks Ordinance, *supra* note 107, art. 47, 2 L.S.I. at 304.

¹³⁶ *See id.* (providing that one may not use registration to prevent third party use of a mark to describe the character or quality of its goods).

¹³⁷ *Id.*

¹³⁸ C.C. 5115/97, *Gillette Co. v. Amir Mktg.* (Israeli Bar Association's Legal CD-ROM).

¹³⁹ *Id.* at 13 (a result supportable by the text of Article 47 of the Trademarks Ordinance).

¹⁴⁰ *Id.* at 11.

Interestingly, in an earlier case involving a different Israeli distributor of ASR's products, the same court found ASR's use of Gillette's marks (SENSOR™ and EXCEL™) infringing.¹⁴¹ As in *Amir Mktg.*, the defendant sold razor blade cartridges that were designed to fit Gillette's razors. These cases' seemingly conflicting outcomes stem from the fact that in the earlier case, the defendant used Gillette's marks in a dominant manner. The court there held that dominant use of Gillette's mark constituted infringement, regardless of whether it had actually deceived or confused consumers.¹⁴²

In *Frou-Frou Biscuits (Kfar-Saba) Ltd. v. Froumine & Sons Ltd.*,¹⁴³ a Supreme Court justice commented that a mark grants its proprietor a monopolistic right of use, much like the right granted to owners of real property.¹⁴⁴ However, the *Gillette* decisions mentioned above indicate that the "monopoly" granted to an owner of a well-known or famous mark is not absolute and is subject to reasonable exceptions.

2. Second Possibility: Where Marks Do Not Cover Similar Goods or Services¹⁴⁵

As noted above, Article 11(9) may not be invoked where the marks do not cover similar goods/services. The principle of specialty does not allow a proprietor of a mark, even one that was famous, to oppose use of a similar mark on goods/services that completely differ from those covered by his mark.¹⁴⁶ Hence, the theoretical principle of specialty conflicts with the practical reality that many attempt to use

¹⁴¹ C.C. (T.A.) 652/92, *Gillette Co. v. Adi Mktg. & Distribution Ltd.* (on file with author).

¹⁴² *Id.*

¹⁴³ See C.A. 715/68, *Frou-Frou Biscuits Ltd. v. Froumine & Sons Ltd.*, 23(2) P.D. 43.

¹⁴⁴ *Id.* at 46.

¹⁴⁵ See FRIEDMAN, *supra* note 63, at 175-77.

¹⁴⁶ See Case C-375/97, *General Motors Corp. v. Yplon SA*, 1999 E.C.R. I-542, [1999] E.T.M.R. 122, 129 (1998) (reasoning that "[p]rotection in relation to dissimilar goods or services has often been afforded under national law concerning unfair competition and the like rather than under trademark law.").

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others' famous marks to distinguish their own goods or services. This conflict has been the subject of legal debate at various levels.¹⁴⁷

Courts have utilized Article 11(6) to protect well-known marks.¹⁴⁸ Until recently, courts granted such protection as a measure of last resort especially because Israeli law contained no specific prohibition against dilution of famous marks. In addition to Article 11(6), Israeli courts have utilized the law of unjust enrichment to grant protection to IPRs where the respective IP laws were silent and did not provide protection.¹⁴⁹

In *A.S.I.R. Import Mfg. and Distribution v. Forum Accessories and Consumer Prods. Ltd.*,¹⁵⁰ the Israeli Supreme Court of civil appeals held that remedies derived from the law of unjust enrichment did not undermine the existing laws protecting IPRs.¹⁵¹ The court reasoned that the law of unjust enrichment supplemented rather than substituted for the laws protecting IPRs.¹⁵² The court opined that where the special laws protecting IPRs are silent or do not grant any relief, the law of unjust enrichment might apply, unless expressly precluded by applicable IP law.¹⁵³ Therefore, the laws of unjust enrichment should be utilized to protect the rights of owners of well-known and famous marks.

¹⁴⁷ See MOSTERT, *supra* note 1, at 277 (reporting that a widespread study conducted by the International Association for the Protection of Industrial Property (AIPPI) led to a resolution unanimously adopted at the Berlin Congress in 1963 that unauthorized use of famous marks to designate products dissimilar to covered goods does not violate trademark rights but is a civil tort when damaging to the mark owner).

¹⁴⁸ See, e.g., C.A. 6181/96, Yigal Kardi v. Bacardi & Co. Ltd., 52(3) P.D. 276.

¹⁴⁹ See, e.g., C.A. 588/87, Cohen v. Shemesh, 45(5) P.D. 297, C.A. 371/89 Libowitz v. Elyaho, 44(2) P.D. 309; C.A. (Nz.) 552/98, Swartz v. Mouzer (on file with author).

¹⁵⁰ C.A. 5768/94, 5614/95, 993/96, *A.S.I.R. Import, Mfg. and Distribution v. Forum Accessories and Consumer Products Ltd.*, 52(4) P.D. 289.

¹⁵¹ *Id.* at 424.

¹⁵² *Id.* at 425.

¹⁵³ *Id.* at 452-53.

As early as 1985, the Israeli High Court of Justice clarified in *Orlogad Ltd. v. The Patent, Model and Trademark Registrar and S.T. Dupont (A French Société Anonyme)*¹⁵⁴ that its obligations, along with those of the trademark registrar, were not limited to the specific conflict between the immediate parties. Instead, its obligations extended to the larger policy issues of ensuring an accurate trademark register, one that facilitates fair trade and prevents consumer deception.¹⁵⁵ After this decision, courts became more proactive in fostering and maintaining protection for well-known and famous marks.¹⁵⁶

Courts have not hesitated to refuse to register marks that were confusingly similar to famous marks. Courts have so refused notwithstanding the fact that some of the contested applications were for entirely different goods/services than those covered by famous marks.¹⁵⁷

Apparently, Israeli courts have not only limited protection for famous marks at the registration level: they have defended famous marks from unauthorized use. For example, in *Cartier, Inc. v. Snowcrest Mktg. Ltd.*,¹⁵⁸ Cartier temporarily enjoined Snowcrest from using the name KARTIEH in Hebrew Script on its ice cream bars.¹⁵⁹ The court granted an injunction and held that Snowcrest could not use its mark for either related or unrelated goods, including ice cream bars, in light of Cartier's substantial goodwill and prestige for quality and aristocracy.¹⁶⁰

In *Lego System a/s (Kirby a/s) v. Shmil Metal Factory and Welding for Hous. Ltd.*,¹⁶¹ the court enjoined a producer from

¹⁵⁴ H.C. 497/ 83, *Orlogad Ltd. v. The Patent, Model and Trademark Registrar and S.T. Dupont (A French Société Anonyme)*, 37(2) P.D. 148.

¹⁵⁵ *Id.* at 159.

¹⁵⁶ *See, e.g.*, C.A. 6181/96 Yigal Kardi v. Bacardi & Co., Ltd., 52(3) P.D. 276.

¹⁵⁷ *See, e.g.*, C.C. (Nh.) 79/84, *Lego a/s (Kirby a/s) v. Shmil Metal Factory and Welding for Housing Ltd.*, 1989-1990 (3) P.M. 194.

¹⁵⁸ C.C. (T.A.) 147/94, *Cartier, Inc. v. Snowcrest Mktg. Ltd.* (Israeli Bar Association's Legal CD-ROM).

¹⁵⁹ *Id.*

¹⁶⁰ *Id.* at 3.

¹⁶¹ C.C. (T.A.) 79/84 *Lego a/s (Kirby a/s) v. Shmil Metal Factory and Welding for Housing Ltd.*, 1989-1990 (3) P.M. 194.

marketing modular structures for construction under the LEGO FORM mark since the dominant component of the LEGO FORM mark was identical to the famous LEGO mark covering children's toys.¹⁶² The court reasoned that although use of the famous mark was not intended for children's toys, it was prone to spark consumer association of the two products.¹⁶³ Lego System A/S faced similar problems in countries such as the United Kingdom.¹⁶⁴

Earlier in *S.T. Dupont*,¹⁶⁵ the Israeli High Court of Justice refused an application to register the DU PONT mark for watches, reasoning that this mark was almost identical to the famous DUPONT mark owned by S.T. Dupont for writing instruments and pens.¹⁶⁶ The court held that S.T. Dupont could oppose the DU PONT mark even though its well-known DUPONT mark was not registered in Israel,¹⁶⁷ because any other result would allow the applicant to enjoy DuPont's international goodwill.¹⁶⁸ Therefore, the court upheld the registrar's refusal to register the DU PONT mark.

In *Chanel v. City Cent. Ltd. (French Société Anonyme)*,¹⁶⁹ City Central was found liable for passing-off handbags under the famous CHANEL mark.¹⁷⁰ Interestingly, the Tel-Aviv district court determined that Chanel could prove a prima facie case of passing-off even though it did not register or use the CHANEL mark in Israel.¹⁷¹ The court reasoned that Israeli consumers encounter well-known marks such as Chanel's in their travel abroad or through advertising

¹⁶² *Id.*

¹⁶³ *Id.* at 199.

¹⁶⁴ See *Lego System A/S v. Lego M. Lemelstrich Ltd.* [1983] 9 F.S.R. 155 (U.K.); MOSTERT, *supra* note 1, at 54 n.18 (reporting that Lego System prevailed in legal proceedings enjoining an Israeli company, Lego M Lemelstrich Ltd., from using the LEGO mark for irrigation equipment in England).

¹⁶⁵ H.C. 497/83, *Orlogad Ltd. v. The Patent Model and Trademark Registrar and S.T. DuPont (A French Société Anonyme)*, 37(2) P.D. 148.

¹⁶⁶ *Id.*

¹⁶⁷ *Id.* at 157.

¹⁶⁸ *Id.*

¹⁶⁹ D.C. (T.A.) 749/94, *City Cent. Ltd. v. Chanel (French Société Anonyme)* (Israeli Bar Association's Legal CD-ROM, February 1995).

¹⁷⁰ *Id.*

¹⁷¹ *Id.*

originating outside of Israel.¹⁷² It appears that in *Chanel*, as in *Froumine*, deception of the consuming public was a controlling factor.

In *Robi Boss Ltd. v. Hugo Boss A.G.*,¹⁷³ the Israeli Supreme Court upheld the registrar's decision to reject Robi Boss's application for the HUGO BOSS mark.¹⁷⁴ The court held that Robi's choice of an identical mark indicated an attempt to free ride on HUGO BOSS's international goodwill.¹⁷⁵ The court refused to allow parallel registrations of the HUGO BOSS mark and decided that only Hugo Boss could use and register this mark.¹⁷⁶

C. The Dilution Doctrine

Just as the information technology and transportation revolutions are the wings of famous trademarks, the dilution doctrine is its lifeblood. Originally, manufacturers used trademarks to indicate sources of merchandise.¹⁷⁷ Hence, the legal protection afforded to trademarks originally aimed to avert uses that caused likelihood of confusion.¹⁷⁸ However, over time, trademarks began to "serve as guaranties of the quality of the trademarked goods, embodiments of the trademarks owner's goodwill, and advertising entities."¹⁷⁹ The law adapted to these new functions of trademarks, by granting protection from damaging uses, even if unlikely to result in

¹⁷² *Id.*

¹⁷³ C.A. 2498/97, *Robi Boss Ltd. v. Hugo Boss A.G.*, 53(4) P.D. 53.

¹⁷⁴ *Id.*

¹⁷⁵ *Id.*

¹⁷⁶ *Id.*

¹⁷⁷ See *Elgin Nat'l Watch Co. v. Illinois Watch Co.*, 179 U.S. 665, 673 (1901) (stating that the purpose of a trademark is to distinguish the origin or ownership of the articles to which the mark is affixed).

¹⁷⁸ See, e.g., *San Francisco Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 564 (1987) (stating that "[i]t is generally necessary to show similarity between trademarks and a 'likelihood' of confusion").

¹⁷⁹ William Vuk, *Protecting Baywatch and Wagamama: Why the European Union Should Revise the 1989 Trademark Directive to Mandate Dilution Protection for Trademarks*, 21 FORDHAM INT'L L.J. 861, 862 (1998). See PETER DRAHOS, *A PHILOSOPHY OF INTELLECTUAL PROPERTY* 157, 168, 204, 205 (1996).

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confusion.¹⁸⁰ As early as 1947, states such as Massachusetts enacted statutes prohibiting diluting uses of a mark.¹⁸¹

Perhaps the clearest rationale underlying the dilution doctrine was noted in *Ringling Bros-Barnum & Bailey v. Utah Division*¹⁸² following the enactment of the dilution doctrine into U. S. Federal Trademark Law:

Congress enacted the anti-dilution provision in recognition that infringement is not the only way a famous mark can be harmed, but rather that another's use of a mark might blur the distinctiveness of a famous mark or otherwise harm the owner of such a mark even absent competition and the likelihood of confusion, mistake or deception.¹⁸³

Diluting a famous mark's distinctiveness, according to the doctrine, should not be tolerated. Under this doctrine, famous marks transcend borders and "surf" the waves of fame to distant shores and classifications. In *Tower Publ'ns Inc. v. MTS Inc.*,¹⁸⁴ a U.S. court noted that "[a] trademark is sufficiently distinctive to be diluted by a non-confusing use if [it] retains its source significance when encountered outside the context of the goods or services with which it is used by the trademark owner."¹⁸⁵ Under this rationale, marks like BOEINGTM for shoes, NIKETM for perfumes, and BENZTM for men's underwear, could be actionable, so long as they have retained source significance.

¹⁸⁰ See Vuk, *supra* note 179, at 862.

¹⁸¹ See Julie Arthur Garcia, *Trademark Dilution: Eliminating Confusion*, 85 T.M.R. 489, 491 (1995); see also William Vuk, *supra* note 179, at nn.11-12; Andrew D. Sorenson, *What Constitutes "Well-Known or Famous" Under Minnesota's New Dilution Statute*, 21 WM. MITCHELL L. REV. 1079 (1996).

¹⁸² 935 F. Supp. 763 (E.D. Va. 1996).

¹⁸³ *Id.* at 765.

¹⁸⁴ 21 U.S.P.Q.2d 1303 (N.D. Ill. 1991).

¹⁸⁵ *Id.* at 1306.

The dilution doctrine is, therefore, designed to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of likelihood of confusion.¹⁸⁶ A classic example of dilution without confusion is traceable to the U.S. case of *Coca-Cola Co. v. Gemini Rising, Inc.*¹⁸⁷ In *Coca-Cola*, a poster manufacturer sold posters with “Enjoy Cocaine” depicted in the same stylized script and color as the famous “ENJOY COCA-COLA” mark. The court determined that the poster impaired the selling power of Coca-Cola’s mark even though there was no confusion.¹⁸⁸ The court so reasoned because Gemini’s depiction caused a negative association of the COCA-COLA mark with cocaine in the consumer’s mind. As one commentator stated, “[T]he Coca-Cola Company would suffer less economic damage from having an occasional consumer, who wants a can of Coke mistakenly purchase a can of Pepsi, than . . . associate Coke with Cocaine.”¹⁸⁹

Despite courts’ willingness to invoke dilution to protect famous marks, some scholars fear that broad application of the doctrine may afford trademark owners a monopoly. These scholars believe that dilution is not a real injury absent confusion as to source.¹⁹⁰ Nevertheless, the doctrine is widely accepted in jurisdictions that

¹⁸⁶ See Vuk, *supra* note 179, at 889-98 (discussing the origin and application of the dilution doctrine).

¹⁸⁷ 346 F. Supp. 1183 (E.D.N.Y. 1972).

¹⁸⁸ *Id.* at 1191.

¹⁸⁹ Vuk, *supra* note 179, at 919-20.

¹⁹⁰ See Milton Handler, *Are the State Anti-Dilution Laws Comparable with National Protection of Trademarks?*, 75 T.M.R. 269 (1985); see also Jonathan E. Moskin, *Dilution Law at a Crossroad? Dilution or Delusion: The Rational Limits of Trademark Protection*, 83 T.M.R. 122 (1993); Vuk, *supra* note 179, at 921-22; Simon A. Rose, *Will ATLAS Shrug? Dilution Protection for Famous Trademarks: Anti Competitive “Monopoly or Earned Property Right”?*, 47 FLA. L. REV. 653 (1995).

have formally codified it, such as the U. S.,¹⁹¹ E. U.,¹⁹² and U. K.¹⁹³ as well as in jurisdictions that have not, such as France.¹⁹⁴

On the other hand, doctrinal acceptance has not necessarily led to practical protection. For example, in 1989, the E. U. issued a directive to member states to infuse the dilution doctrine into their respective national laws.¹⁹⁵ This directive was promulgated by the First Council Directive to Approximate the Laws of Member States Relating to Trademarks.¹⁹⁶ Curiously, this directive triggered two completely diverging interpretations.¹⁹⁷ Benelux courts interpreted the directive as protecting trademarks from uses on similar products absent likelihood of confusion.¹⁹⁸ U.K. courts interpreted it as requiring a likelihood of confusion, causing the *de facto* non-recognition of the dilution doctrine in the U.K..¹⁹⁹ Contrary to the Benelux interpretation, the U.K. Chancery Division concluded that likelihood of confusion remained a condition precedent to a finding of infringement.²⁰⁰ This interpretation led scholars to conclude that U.K. courts refused to recognize dilution²⁰¹ and others to argue that the E.U. should amend this directive.²⁰²

¹⁹¹ The U. S. Congress enacted federal protection for trademarks against “uses that cause dilution,” in the Federal Trademark Dilution Act of 1995. This Act amended the Lanham Act and was signed into law on January 16, 1996. See 15 U.S.C. §1125 (2002).

¹⁹² See Vuk, *supra* note 179, at 862.

¹⁹³ See *id.* at 865 n.18; see also *id.* at 908-16 (discussing the U.K.’s infusion of the infringement standards set forth in E.U. directive into its own trademark law).

¹⁹⁴ See MOSTERT, *supra* note 1, at 270.

¹⁹⁵ See European Harmonization Directive, *supra* note 10.

¹⁹⁶ *Id.*

¹⁹⁷ But see Vuk, *supra* note 179, at 864 nn.15-16 (suggesting that the European Union’s response was itself ambiguous because it failed to enact legislation codifying the dilution doctrine into then-current law).

¹⁹⁸ See *id.* at 869.

¹⁹⁹ *Id.*

²⁰⁰ See *Wagamama Ltd. v. City Center Restaurants PLC*, [1995] F.S.R. 713 (UK); *Baywatch Productions Co. v. Home Video Channel*, [1997] F.S.R. 22 (UK); Vuk, *supra* note 179, at 915 (noting that it appears from *Wagamama* and *Baywatch*, that the U. K. will not protect trademarks from uses that cause dilution unless there is a showing of a likelihood of confusion.”).

²⁰¹ See Vuk, *supra* note 179, at 862.

²⁰² See, e.g., *id.* at 866, 931 (discussing the need for the E.U. to mandate that member states protect marks against dilution).

D. Adoption of the Dilution Doctrine by Israeli Courts

Until the Amendment, the lack of black letter law pertaining to the protection of well-known or famous marks applied equally to the dilution doctrine. Israeli law lacked any provision protecting well-known or famous marks from dilution. Nevertheless, Israeli courts were proactive in granting such protection.²⁰³ Absent statutory authorization to apply the dilution doctrine, courts based decisions protecting marks from dilution on unfair competition grounds. These courts were apt to defend marks from dilution by emphasizing the negative commercial implications of registering or using similar marks, through principles of unfair competition in trade and unjust enrichment.²⁰⁴ Consequently, these courts resorted to Article 11(6) of the Ordinance.²⁰⁵

Israeli courts' protection of famous marks where they were not used in Israel, or where proposed marks were not intended for competing products, supports the conclusion that Israeli courts were recognizing dilution even if the legislature had not so required. In *Bacardi*, the court held that registration of the BAKARDI mark for fashion wear might dilute the distinctiveness of the famous BACARDI mark covering alcoholic beverages.²⁰⁶ Similarly, in the *Hugo Boss*²⁰⁷ case, the court acknowledged possible dilution of the HUGO BOSS mark despite the fact that Robi Boss's mark was intended to cover different goods.²⁰⁸

On the other hand, the dilution doctrine has not automatically applied in cases involving famous marks. For example, in the *Gillette*²⁰⁹ case, the court rejected the argument that use of the GILLETTE mark by ASR on its packaging would dilute Gillette's

²⁰³ See, e.g., C.A. 6181/96, Yigal Kardi v. Bacardi & Co. Ltd., 52(3) P.D. 276 (finding the possibility of dilution strong even though plaintiff dealt in alcoholic beverages and defendant dealt in fashion wear).

²⁰⁴ See *id.*

²⁰⁵ Trademarks Ordinance, *supra* note 107, art. 11(6), 2 L.S.I. at 295.

²⁰⁶ *Id.* at 282.

²⁰⁷ C.A. 2498/97, Robi Boss Ltd. v. Hugo Boss A.G., 53(4) P.M. 53.

²⁰⁸ *Id.*

²⁰⁹ C.C. (T.A.) 5115/97, Gillette Co. v. Amir Mktg. (Israeli Bar Association's Legal CD-ROM).

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famous marks.²¹⁰ The court reasoned that such use would not hamper Gillette's marks in any way.²¹¹

Although the above-mentioned articles in the Ordinance afforded some relief to proprietors of well-known marks, the lack of a clear provision was evident. Consequently, the Amendment addressed this need.

IV. AMENDMENT OF ISRAELI TRADEMARK LAW—THE DAWN OF A NEW MILLENNIUM!

A. Israel's WTO-TRIPS Obligations

In 1995, Israel became a signatory of the agreement establishing the WTO.²¹² Accordingly, Israel sought to amend its IP laws to provide protection for IPRs in accordance with the standards set forth in TRIPS. In order to fully comply with TRIPS, Israel introduced and enacted new laws such as "The Law of Protecting Integrated Circuits of 1999."²¹³ Israel also updated existing domestic IP laws by amending the Copyright Law, Copyright Ordinance, Patents Law, Patents and Models Law, Trademark Ordinance, Law Protecting Geographic Indications, and Law of Producers and Broadcasters Rights.

The Amendment to the Ordinance sought to protect well-known marks, geographic indications and registration of foreign marks.²¹⁴ The legislature tried to strengthen enforcement of trademark rights by raising the fine for certain trademark violations to the equivalent of \$250,000 (U.S.).²¹⁵ It also proposed a three-year prison sentence

²¹⁰ *Id.* at 11.

²¹¹ *Id.* at 12; *but see id.* at 13 (warning ASR that any other use employing elements of comparison or indicating association with Gillette would in fact dilute and infringe Gillette's marks).

²¹² See WTO Agreement, *supra* note 9 (listing Israel as a signatory).

²¹³ The Law Protecting Integrated Circuits of 1999, 1999, S.H. 41.

²¹⁴ See Law Amending IP Laws, *supra* note 26, chs. D-E.

²¹⁵ See Draft Bill, *supra* note 41, ch. D.

²¹⁶ instead of the existing one-year penalty. Curiously, these enforcement proposals were not accepted into the final draft of the amendment.²¹⁷

B. Legislative Recognition of Well-Known Marks

The Amendment became effective on the first day of the new millennium. It infiltrated various sections of the existing Ordinance. To further compliance with TRIPS, it focused on the recognition and protection of well-known marks (hereinafter “WKMs”). The legislature infused a policy of strong protection for WKMs throughout the Amendment by clearly delineating the scope of coverage, rights of WKM owners, elements of infringement and remedies available against infringers.²¹⁸ The legislature explained that the Amendment would bring Israeli trademark law in line not only with TRIPS, but also with the trademark standards of modern countries.²¹⁹

C. The Substantive Contents of the Amendment with Respect to Well-Known Marks

The Israeli legislature amended Article 1 of the Ordinance by introducing a new term called “well-known trademarks.”²²⁰ In line with Article 16(2) of TRIPS, the Amendment provided that a court should determine whether a mark is well-known by considering the extent of the marks reputation in the relevant sector of the community and the extent of its reputation as a result of marketing efforts.²²¹ These two elements are not an exhaustive list.²²² Additional parameters may be considered including those noted in part II above. Significantly, under the amended Article 1, a mark

²¹⁶ *Id.*

²¹⁷ Compare Law Amending IP Laws, *supra* note 26, with the Draft Bill, *supra* note 41.

²¹⁸ Law Amending IP Laws, *supra* note 26, ch. D.

²¹⁹ See Draft Bill, *supra* note 41, at 524 (explanatory note accompanying the bill).

²²⁰ See *id.* § 6, at 534.

²²¹ *Id.*

²²² *Id.*

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may be considered well-known in Israel despite not being registered in Israel.²²³

The Amendment further entails ownership requirements for WKMs. It requires a WKM owner to be either a citizen or permanent resident of a member state or the owner of an active manufacturing business in a member country to own a WKM in Israel.²²⁴ Under the legislature's interpretation, a member state includes any member state in the Paris Union or the WTO.²²⁵

Amended Article 1 defines infringement of WKMs in accordance with Article 6*bis* of the Paris Convention and Articles 16(2) and 16(3) of TRIPS.²²⁶ It states that infringement of a WKM occurs by unauthorized use of a WKM or use of a mark similar to it.²²⁷ In this context, Article 1 and the entire Amendment distinguish between WKMs registered in Israel and those registered abroad. This same distinction is found in Articles 16(2) and 16(3) of TRIPS.²²⁸ Under the Amendment, coverage of a WKM registered in Israel may extend beyond goods of the same description, provided that infringing marks indicate a connection between the goods and a likelihood of harm to the WKM owner.

Under the Amendment, if the WKM is not registered in Israel, protection is limited to goods of the same description and situations where the infringing mark creates a likelihood of confusion with the WKM.²²⁹ Requiring a likelihood of confusion adds a hurdle that only owners of WKMs registered outside of Israel must overcome. The Amendment therefore contains an implicit preference for protecting domestically registered marks. One may infer, based upon this preference, that owners of WKMs registered in Israel have other rights and defenses not available to owners of WKMs

²²³ *Id.* (where infringement may also be found of a WKM in Israel that is not registered abroad).

²²⁴ Draft Bill, *supra* note 41, § 6, at 534.

²²⁵ See Law Amending IP Laws, *supra* note 26, art.1.

²²⁶ See Paris Convention, *supra* note 8, art. 6*bis*(1), 21 U.S.T. at 1640, 828 U.N.T.S. at 325; TRIPS Agreement, *supra* note 9, arts.16(2)-(3), 33 I.L.M. at 1203-04.

²²⁷ See Law Amending IP Laws, *supra* note 26, art.1.

²²⁸ See TRIPS Agreement, *supra* note 9, arts. 16(2)-(3), 33 I.L.M. at 1203-04.

²²⁹ *Id.* at 48.

registered abroad, such as the right to invoke the dilution doctrine. This seems to be true because the place of registration has implications throughout the Amendment.

1. Hurdles at Registration

Article 11 of the Ordinance provides a list of cases where marks may not be registered.²³⁰ As explained above, courts employed Articles 11(6) and 11(9) to protect WKMs from registration of confusingly similar marks.²³¹ The Amendment introduced two new subsections into Article 11.

Article 11(13) prohibits registration of a mark identical or confusingly similar to a WKM covering goods or services of the same description as those covered by the WKM. This protection extends to marks not registered in Israel²³² and thereby implements Articles *6bis* of the Paris Convention and Article 16(2) of TRIPS.

Article 11(14) prohibits registration of a mark identical or similar to a registered WKM. This prohibition applies even if the goods or services covered by the proposed mark are not of the same description as those covered by the WKM. In order to invoke protection under Article 11(14) however, two requirements must be met. First, the proposed mark must indicate a connection to the WKM proprietor. Second, registration of the proposed mark must potentially harm the WKM proprietor.²³³ This subsection implements Article 16(3) of TRIPS by granting WKMs registered in a certain country broader protection than WKMs not so registered.

2. Rights of WKM Owners

Amended Article 46A contains two subsections related to the rights bestowed on the WKM proprietor. Under Article 46A(a), the proprietor of an unregistered WKM is granted exclusive use of his

²³⁰ See Trademarks Ordinance, *supra* note 107, art. 11, 2 L.S.I. at 294-95.

²³¹ See *supra* Part III.

²³² *Id.*

²³³ See Law Amending IP Laws, *supra* note 26, art. 11(14), at 49.

mark for all goods and services known to be covered by his mark in Israel or for goods and services of the same description.²³⁴ Under Article 46A(b), owners of registered WKMs are granted exclusive use of their marks, even for goods that are not of the same description. Again, the owner of the registered WKM must prove that the third party's use indicates a connection with the proprietor and may cause future harm.²³⁵ These provisions implement Article 6*bis* of the Paris Convention and Articles 16(2) and 16(3) of TRIPS.

3. Consequences of Good-Faith & Bad-Faith Registration and/or Use

Article 52A addresses the potential clash between the Amendment and the current use of marks. This Article provides a good faith exception where notwithstanding the rights of the WKM proprietor, other marks may be used if they were proposed, registered or used in good faith before the WKM became well-known.²³⁶ The Amendment further addresses bad faith registrations of marks indicating geographic source,²³⁷ as detailed in Article 6*bis* of the Paris Convention and Articles 22(3) and 23(2) of TRIPS.²³⁸

Before the Amendment, mark cancellation was limited to five years in Article 39 of the Ordinance.²³⁹ Because the Amendment revoked the prior time limit of five years, registration may now be cancelled regardless of any time lapse since its registration. Under the Amendment, no time limit is imposed where a mark owner can show that the adverse mark was registered or used in bad faith.²⁴⁰ In

²³⁴ *Id.* at 50.

²³⁵ *Id.*

²³⁶ *Id.*

²³⁷ Law Amending IP Laws, *supra* note 26, art. 7, at 52.

²³⁸ See TRIPS agreement, *supra* note 9, arts. 22(3), 23(2), 33 I.L.M. at 1205-06.

²³⁹ See Law Amending IP Laws, *supra* note 26, art. 52.

²⁴⁰ See Trademarks Ordinance, *supra* note 107, art. 39(a), 2 L.S.I. at 301 (stating that “[a]n applicant under section 38 for the removal of a trade mark from the Register on the grounds that it is not eligible for registration under sections 7 to 11 of the Ordinance, or on the ground that the mark creates an unfair competition in respect of the applicant’s rights in Israel, must be made within five years of the issue of the certificate of registration under section 28.”).

most cases of attempted registration of a mark misleadingly similar to a WKM, bad faith is easy to prove because courts assume that the applicant knew of the WKM.

4. Infringement Suits and Possible Remedies

Amended Article 57 allows a WKM owner to file an infringement action against the owner of another similar mark, even if his WKM is not registered in Israel.²⁴¹ However, remedies available to the owner of an unregistered WKM are limited to injunctions and cease and desist orders.²⁴² The owner of a WKM that is registered in Israel is entitled to additional remedies. Additional remedies include damages, compensation, destruction of infringing goods and receipt of infringing goods.²⁴³

D. Assessment of the Amendment and Proposed Improvements

The Amendment was clearly warranted in view of the legislature's failure to recognize well-known or famous marks spanning several decades. It remains unclear, however, how courts will interpret and actually implement the Amendment. Moreover, it is unclear how stringently courts will enforce WKM protection pursuant to the Amendment.

Israeli law now recognizes and defends WKMs even when they are not registered in Israel. However, the Israeli legislature chose to limit defenses available to WKMs not yet registered in Israel. This distinction appears throughout the entire Amendment.²⁴⁴ The legislature may have intended to encourage trademark owners to register WKMs in Israel by providing additional protection. This approach would align with the territorial nature of Israeli trademark

²⁴¹ Law Amending IP Laws, *supra* note 26, at 51.

²⁴² *Id.*

²⁴³ See TRIPS Agreement, *supra* note 9, arts. 44-46, 33 I.L.M. at 1215.

²⁴⁴ See, e.g., Law Amending IP Laws, *supra* note 26, arts. 1, 11(13)-(14), 46(A), 52, 57.

law.²⁴⁵ However, in today's world of information technology where new products acquire substantial fame quickly, registration should not be a decisive factor in determining the extent of protection granted to WKMs.

Additionally, the Amendment overlooks the important distinction between well-known and famous marks. Famous marks should be accorded full protection even where they are not registered. Moreover, the Amendment only partially acknowledges the dilution doctrine and appears to limit its application to registered WKMs. This is inappropriate since much of the damage to marks may be accomplished by comparative advertising or negative use, as illustrated in the *Coca-Cola* decision.²⁴⁶

Another problem concerns foreign marks that have not yet become well-known in Israel. The Paris Convention and TRIPS, underlying Israeli case law and the Amendment, have been criticized as "artifact[s] of an era when markets were circumscribed by national borders and granting a monopoly on a trademark in one country on the basis of its use in another was unreasonable because the likelihood of confusion was minimal."²⁴⁷ According to this view, the Paris Convention facilitates foreclosure of national markets to trademarks originating abroad. The Paris Convention considers the likelihood of confusion in the immediate present.²⁴⁸ But the reality of today's modern markets is that trademark owners often expand their businesses beyond the market in which their goods were originally sold.

The requirement that an unregistered foreign mark must be well-known in the domestic market before it is protected "should be abandoned in favor of an 'awareness of the foreign use rule.'"²⁴⁹ Even if Israeli courts were to protect famous trademarks, protection

²⁴⁵ Israeli trademark law extends to the state of Israel including the Golan Heights and East Jerusalem. The Palestinian Authority administers trademark protection in territories held by parts of the West Bank and the Gaza Strip.

²⁴⁶ 346 F. Supp. 1183 (E.D.N.Y. 1972). See *infra* Part III.C.

²⁴⁷ Beth Fulkerson, *Theft by Territorialism: A Case for Revising TRIPS to Protect Trademarks from National Market Foreclosure*, 17 MICH. J. INT'L L. 801, 802 (1996).

²⁴⁸ See Paris Convention, *supra* note 8, art. 6bis (1), 21 U.S.T. at 1640, 828 U.N.T.S. at 325.

²⁴⁹ Fulkerson, *supra* note 247, at 802.

would be under-inclusive because it would fail to protect foreign marks that have not yet become famous in Israel. This inadequacy stems from the good faith exception in amended Article 52A²⁵⁰ whereby a WKM may only be protected from the time that it becomes well-known in Israel.

This inadequacy is clear when one considers the Israeli company that discovers abroad a new product with an unregistered mark in Israel. Assume that the company proceeds to register and use the mark in Israel for identical products. A foreign WKM owner will not succeed in opposing registration of this mark, because the Paris Convention covers only marks well-known in the country where the mark is disputed (here Israel). Hence, the foreigner's mark will never become well-known in Israel because expansion into Israel will be blocked by the Israeli registration.

The foreign WKM owner may find relief under the doctrine of unjust enrichment recently noted in an Israeli Supreme Court decision.²⁵¹ Other countries such as France have circumvented the Paris Convention's limited protection by relying on rationales of fraudulent applications and bad faith.²⁵² These rationales may be applicable in Article 52A where good faith registration or use is required. However, it would be preferable if Israeli law adopted the awareness of foreign use²⁵³ model to more adequately protect marks that are not yet well-known or registered in Israel. Such a rule would prevent the potential for abuse as demonstrated in the above hypothetical. Moreover, an awareness of foreign use model would

²⁵⁰ Law Amending IP Laws, *supra* note 26, art. 52(a).

²⁵¹ C.A. 5768/94, 5614/95, 993/96, A.S.I.R. Import, Manufacturing and Distribution v. Forum Accessories and Consumer Products Ltd., 52(4) P.D. 289.

²⁵² See MOSTERT, *supra* note 1, at 274 (stating that where a well-known mark has not yet been used in France, French courts have recognized a cause of action against the applicant based on fraudulent application and not on Article 6bis of TRIPS).

²⁵³ See Fulkerson, *supra* note 247, at 822-25 (concluding that application of an 'awareness of foreign use' model is necessary in light of the weak protection granted to marks that have not yet acquired fame).

expand the scope of well-known status to encompass the future potential renown of a mark, rather than just its present status.

It would be reasonable to treat foreign marks as potentially famous in Israel even if they had yet to be introduced there, because Israel's consumer market is sophisticated and dynamic. While the issue of protecting WKMs involves several competing interests, including the interests of the WKM proprietor in protecting his property rights, the interests of the competing good faith user who invested in promoting his brand, and the interests of the consuming public not to be misled as to the quality of products/services bearing the mark and identity of the producer/provider,²⁵⁴ potential culprits are also involved. The law must assume that potential culprits will detect this "crack in the dam" and proceed to undermine such protection. Hence, on policy grounds, the law should favor the interests of WKM owners and consumers, in contrast to the interests of users even if they are good faith users.

The Amendment has additional shortcomings. First, it fails to fully address the ways in which a mark may achieve well-known or famous status. It merely adopts the two non-conclusive parameters listed in TRIPS,²⁵⁵ and allows other parameters to be considered.²⁵⁶ Second, although the Amendment does not change the registration process of well-known and famous marks, a separate register for well-known and famous marks is needed. A separate register could fill in the "crack in the dam" mentioned above by including WKMs both in Israel and abroad and allowing foreign mark owners to register marks not yet formally registered or used in Israel.

A special register would assist WKM owners in defending their marks by proving notoriety. It could also assist a WKM owner in any legal proceeding, by indicating prior use. A register would create efficiencies in the adjudication of infringement by reducing the time and resources usually spent in proving or disproving a mark's notoriety. Such a register would provide clear notice to potential infringers and users considering use of WKMs in relation to

²⁵⁴ MOSTERT, *supra* note 1, at 150.

²⁵⁵ See TRIPS Agreement, *supra* note 9, arts. 16(2), 16(3), 33 I.L.M. at 1203-04.

²⁵⁶ See *infra* Part II.

goods/services beyond the mark's immediate scope of coverage. Any third party wishing to use a registered mark would still have ample opportunity to challenge its registration.²⁵⁷

Brazil implemented a separate register for WKMs, such as the one proposed here.²⁵⁸ This register included marks such as IBMTM, GOODYEARTM, SEIKOTM, JOHNSON & JOHNSONTM, MASTERCARDTM, BENETTONTM, SONYTM, ADIDASTM, XEROXTM, CITIZENTM, VOLKSWAGENTM, MERCEDESTM, SHELLTM.²⁵⁹ Due to various pitfalls, however, it was abolished. One commentator in Brazil commented that although:

such special registration for well-known marks may look favorable at first sight . . . in reality, however, such a special registration procedure does not take into account the fact that a mark is well-known at a given moment in time and that the mark in question should be properly evaluated at that very moment. A registration once obtained may give the mark unassailable recognition [that] may not reflect reality at the time when such well-known status is invoked. Modern means of collective communication may raise a mark to the level of fame in a relatively short time, but on the other hand, such fame may ebb away with the same speed.²⁶⁰

²⁵⁷ A third party could prove that the mark was not famous or well-known and should therefore be deleted from the register.

²⁵⁸ See MOSTERT, *supra* note 1, at 218-23 (discussing Brazilian treatment of famous and well-known marks).

²⁵⁹ *Id.*

²⁶⁰ *Id.* at 213-214. Brazil introduced the special registration requirement for well-known marks in 1971. However, it took the (Brazilian) National Institute of Industrial Property (INPI) more than ten years to start acting on the requests for registration because it was unsure how to establish criteria for this purpose. The new 1996 law in Brazil abolished this special registration procedure. Several new provisions have been intertwined into the new Brazilian law enhancing the protection for famous and well-known marks, without having to be subjected to a special registration procedure. This new Brazilian law incorporates Article 6*bis*(1) of the Paris Convention and guarantees special protection to marks well-known in their field of activity, regardless of whether they have been filed or registered in Brazil.

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In order to avoid similar inadequacies in the proposed Israeli model, a register for WKMs could be optional and co-exist with the current trademark register.

If a proposed register was optional, then any mark not registered therein could still be considered well-known or famous. In addition, an administrator could review the register every six months and add or omit a mark based on changes in the mark's notoriety and fame.

E. The Burden of Proof

It is possible to establish that a proprietor of a well-known or famous mark who contests the registration or use of a similar mark covering unrelated goods/services needs to substantiate the existence of as many of the following elements as possible:

1. His mark is a famous mark that has acquired substantial goodwill.

As alluded to above, Israeli law does not set clear parameters for what constitutes a well-known or famous mark. Therefore, the proprietor should prove the existence of as many as possible of the parameters listed above. If a proprietor proved few factors but had strong evidence of each, it would likely succeed in showing that its mark was well-known or famous.

2. His mark is well-known or famous to the extent that it has become distinctive of his products.

3. The other mark is identical/confusingly similar to his mark to the extent that its use constitutes unfair competition and consumer deception.

As early as the 1980s, courts have shifted a substantial portion of the burden of proof to the owner of the other mark. The *Dupont* court stressed that the overall burden lies with the applicant of the

proposed mark to show that its mark is not likely to cause confusion or consumer deception.²⁶¹

It is arguable that the well-known character of the imitated mark aggravates the risk of confusion.²⁶² In other words, where the initial burden lies with the WKM owner to show likelihood of confusion, the ultimate burden to show otherwise rests with the respondent.

In the *Hugo Boss*²⁶³ case, the Israeli High Court stated that where the plaintiff has substantial goodwill in a mark, the burden should shift to the defendant to show that it used the mark in good faith.²⁶⁴ The *Dupont* court stated that consumer deception will be found where the mark is confusing or can confuse “reasonably diligent consumers.”²⁶⁵ The court did not refer to the general public, but only to the consumers of products bearing the mark. It is therefore useful to show that the other mark has similar distribution and will be competing for the same consumer segment.²⁶⁶

4. *Use of the other mark will dilute his mark's distinctiveness beyond the scope of goods/services covered by his mark.*

The petitioner need not prove that the owner of the other mark actually intends to dilute the distinctiveness of its mark. It will suffice to show that a risk of dilution exists. In the *Bacardi*²⁶⁷ case, the court emphasized that it would not focus on the third party's subjective intent in using a similar mark.²⁶⁸ In accordance with unfair competition standards, the owner of a famous mark must show that the third party stands to gain from using a mark similar to its famous mark. Under this approach, a court utilizes objective rather

²⁶¹ H.C. 476/82, Orlogad Ltd. v. The Patent, Model and Trademark Registrar and S.T. DuPont, a French Société Anonyme, 39(2) P.D. 148.

²⁶² See MOSTERT, *supra* note 1, at 275 (highlighting French Court decisions to this effect).

²⁶³ C.A. 2498/97, Robi Boss Ltd. v. Hugo Boss A.G., 53(4) P.D. 53.

²⁶⁴ *Id.* at 56.

²⁶⁵ H.C. 476/82, Orlogad Ltd. v. The Patent, Model, and Trademark Registrar and S.T. DuPont, a French Société Anonyme, 39(2) P.D. 148.

²⁶⁶ *But see* C.C. (T.A.) 147/94, Cartier, Inc. v. Snowcrest Mktg. Ltd., 1980 (Israeli Bar Association's Legal CD-ROM, February 1995) (illustrating that while important, this factor is not decisive because the mark here was intended to cover entirely different goods).

²⁶⁷ C.A. 6181/96, Yigal Kardi v. Bacardi & Company Ltd., 52(3) 276.

²⁶⁸ *Id.*

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than subjective standards, much like the test for determining goodwill in Israeli contract law.²⁶⁹ Consequently, courts like the *Dupont* court have not hesitated to request the third party to explain his choice of a mark similar to a well-known or famous mark.

The Amendment did not clearly set out rules for assigning burden of proof. However, Article 1 did highlight two main factors in compliance with TRIPS. In determining whether a mark is well-known in Israel, the court should consider the extent of the mark's reputation in the relevant sector of the public, and the extent of its reputation directly attributable to marketing efforts. The elements above regarding burden of proof might still apply today.

F. Future Perspective

The Amendment seems to supplement or even complement existing legislation and case law used to protect well-known and famous marks in Israel. Nothing in the Amendment suggests that it replaces all tools previously employed by courts to protect well-known and famous marks. Therefore, it is reasonable to assume that an owner of a WKM may still find relief in the case law and pre-Amendment provisions. The WKM proprietor seeking relief from infringing uses is entitled to the new tools provided by the Amendment, coupled with pre-Amendment tools such as passing-off, unjust enrichment,²⁷⁰ and Articles 11(6), 11(9) and 12 of the Ordinance discussed above.

It is unclear whether Israeli courts will consider the Amendment as the sole source of relief where WKMs generally or unregistered WKMs specifically are involved. Israeli courts might find that the Amendment is intended to strengthen and add to existing defenses available to WKMs. It is reasonable to assume, however, that courts will not hesitate to invoke previously used tools of "unfair

²⁶⁹ C.A. 22/82 Bieth Yolis Ltd. v. Raviv Moshe & Co. Ltd., 43(1) P.D. 441.

²⁷⁰ A.S.I.R. Import, Manufacturing and Distribution v. Forum Accessories and Consumer Products Ltd., 52(4) P.D. 289.

competition” and “unjust enrichment” to grant well-known and famous marks the widest protection possible.

CONCLUSION

Until the January 1, 2000 Amendment, Israeli trademark law did not grant clear preferred status to well-known or famous marks. However, through judicial reasoning, WKMs were already granted a wider scope of protection than regular marks. This preferred status stemmed from the fact that the expanded reputation of famous marks created a greater likelihood of confusion as to origin as well as sponsorship.

Courts have granted famous marks protection beyond the limited goods/services that they cover. Israeli courts have adopted the dilution doctrine where extraordinarily well-known and famous marks are threatened, despite the absence of a likelihood of confusion.

As is apparent from the several decisions of Israeli courts and the trademark registrar, authorities have always been willing to strengthen the rights of famous mark owners by finding infringement or refusing registration of similar marks. Courts have performed this function irrespective of whether the famous mark is registered or used in Israel. In some cases courts have also intervened to protect a famous mark despite acute variation in the marks’ respective scope of coverage.

Because well-known or famous marks are extremely coveted, the protection afforded to them must be extremely clear, expansive and adapting to our changing world. The balance between conflicting interests of producers, owners, consumers and good faith users will always be a volatile one. Israeli courts have opted to pursue protection for well-known and famous marks notwithstanding obstacles such as lack of clear legislation. The Amendment should make their task easier. Only time will tell how the Amendment will be implemented and interpreted by the Israeli courts and trademark registrar.

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The Amendment, complying with international standards of protection of WKMs, is a big step in the right direction. In the present economically dynamic era, the defense of well-known and famous marks is a vital component of international trade and communication.

The protection of well-known and famous marks has come a long way in Israel since the *Manhattan* case. Well-known and famous marks have made their mark visible and earned their rightful place at the dawn of the new millennium. Improvements are still warranted but the longest of “trips” begins with one step!