

# World Trademark Review Daily

**SC denies interim relief against owners of registered marks whose validity was being challenged**  
**Israel - Gilat, Bareket & Co, Reinhold Cohn Group**

**Cancellation  
Infringement  
Enforcement**

June 05 2014

In *Roshen Confectionery Corporation v JSC Krasnyi Octyabr* (LCA 1581/14, April 22 2014), in a dispute over confectionery brands dating back to the Soviet times, the Israeli Supreme Court has affirmed the decision of the Tel Aviv District Court to refuse interim relief to two Ukrainian manufacturers and their Israeli distributors which sought to enjoin two major Russian manufacturers holding Israeli trademark registrations for the relevant brands from informing customers of the infringement of the registered marks. The Supreme Court held that while, in principle, the court may examine the validity of a mark in interim proceedings, the petitioners had failed to rebut the presumption of validity of a registered trademark.

At the heart of the dispute was the right to use four confectionery brands dating back to the Soviet times. Back then the products were manufactured by state-owned factories; since the fall of the Soviet Union, they have been manufactured by the Russian confectionery manufacturers that were the respondents in this case - JSC Krasnyi Octyabr and OJSC Rot Front - and by factories in other post-Soviet countries, including the petitioners, Ukrainian confectionery manufacturers Roshen Confectionery Corporation and Kharkov Biscuit Factory, which market their products in Israel (since the 1990s in Roshen's case). In 2005 the Russian manufacturers registered the four brands in dispute as trademarks in Israel.

The petitioners, the Ukrainian manufacturers and their Israeli distributors, brought an action against the respondents, the Russian manufacturers and their Israeli distributor, after the respondents approached the petitioners' customers in 2013 advising them of trademark infringement and urging them to refrain from buying the petitioners' products. The petitioners sought a declaratory judgment that they had not committed trademark infringement or other commercial torts, and sought interim relief enjoining the respondents from approaching their customers with allegations of infringement and obliging them to retract their allegations, where made. The petitioners also filed cancellation proceedings against the registered trademarks with the Registrar of Trademarks.

On February 22 2014 the Tel Aviv District Court refused to grant interim relief, holding that it was not appropriate for the court to intervene at an early stage in a dispute necessitating a thorough trial of fact and law, and that the court was not called upon to interfere with the respondents' communications to third parties, as long as they were truthful. The court also stayed the proceedings pending the outcome of the cancellation proceedings before the registrar.

The Supreme Court affirmed the lower court's refusal of interim relief. The Supreme Court noted the presumption anchored in Section 64 of the [Trademarks Ordinance \(New Version\) 5732-1972](#) that registration constitutes *prima facie* evidence of the validity of the mark; this did not bar the petitioners from attacking the registration, but placed on them the burden of proving that the mark was not eligible for registration or otherwise subject to cancellation. The presumption of validity existed during the pendency of cancellation proceedings as long as the mark remained on the register and such *prima facie* right of the trademark owner was unaffected by a claim that the mark was generic.

The court further held that the presumption of validity and the trademark owner's *prima facie* right did not preclude the court's examination of the validity of the mark at the interim proceedings stage, but, given the *prima facie* nature of such examination, the party attacking the mark's validity had to show by convincing evidence that the mark was improperly registered. Here, the court found that the petitioners had failed to provide substantial evidence supporting their claim that the trademarks were improperly registered.

The Supreme Court paid attention to the fact that the respondents had started enforcing their rights only eight years after their marks were registered - a fact invoked as an instance of laches warranting the preservation of the *status quo* - but ruled that this was counterbalanced by the petitioners' failure to oppose or seek to cancel the marks.

The Supreme Court further ruled that the balance of convenience, invoked by the petitioners in favour of preserving the *status quo*, should take into account the respondents' *prima facie* right to the exclusive use of their registered marks, and that any damage to the petitioners could be quantified and compensated monetarily.

As no response was required, the court made no order for costs.

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