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Protection of Major Sports Events and associated commercial activities through Trademarks and other IPR (Q 210)

REPORT OF SWISS GROUP*

I. Analysis of current law and case law

1. Does your national law provide specific protection for trademarks or other designations relating to Major Sports Events?

No, Swiss law does not provide for specific (statutory) protection for trademarks or other designations relating to Major Sports Events.

2. If so, please explain whether – and in the affirmative in what way – the following trademark law requirements differentiate from the corresponding requirements in general rules of trademark law:

a) Requirement of distinctiveness

The Swiss Institute of Intellectual Property ("IPI") stated in connection with the Football Euro 2008 in Switzerland/Austria that it would apply its strict practice with regard to distinctiveness also to trademarks for cultural and sports events (cf. <http://www.ige.ch/e/jurinfo/documents/j10103e.pdf>). It went on to state that it had come to the conclusion that the subject UEFA Euro 2008 trademarks were either not descriptive or had gained acquired distinctiveness. However, the fact that the Euro 2008 was staged in Switzerland may have had an influence: the sign "EM 2008" ["EM" being short for "Europameisterschaft", i.e. European Championship] was registered for "sporting and cultural activities" while FIFA's sign "WM 2006" ["Weltmeisterschaft", i.e. World Championship] had been denied protection for the same services. Finally, it would seem that the IPI accepts acquired distinctiveness more readily in connection with trademarks for certain Major Sports Events (e.g. the name of the Olympic host city in combination with the year). In any event, the trademark "EM 2008" has been registered for certain goods and services as "durchgesetzte Marke" (acquired distinctiveness) based on very limited documentation which was quite recent and hardly showed any use as a trademark. The IPI is currently evaluating its position regarding trademarks for sports events.

The few Swiss court decisions indicate no reduced threshold regarding the requirement of distinctiveness when it comes to sports or cultural events (e.g. the words "Montreux Jazz Festival" were held to be descriptive).

b) Use requirement

The use requirement stands irrespective of the mark in question being an "event mark" (which is not a legally defined term under Swiss law anyway) or not.

3. Also, please explain whether – and in the affirmative in what way – the following differentiate from the general rules of trademark law:

a) Is the scope of protection of trademarks which relate to Major Sports Events narrowed or extended compared to the scope of protection for other trademarks?

The law makes no difference. In practice, especially in opposition procedures, no explicit reasoning can be found which would manifest a difference; on the contrary, those characteristics which are gen-

erally considered to be relevant such as reputation (which enlarges the scope of protection) or descriptive elements (which may reduce the scope) are taken into account.

However, the Swiss group notes that many (potential) collisions which occurred before or during the recent UEFA Euro 2008 were settled out of court – arguably also because of uncertainties regarding the actual scope of protection.

b) Does use as a mark constitute a precondition for infringement of trademarks which relate to Major Sports Events or is the requirement of use as a mark not applied in relation to infringement of those trademarks?

Use as a trademark, or as a distinctive sign as it were (German: "kennzeichenmässiger Gebrauch"), is a precondition for trademark infringement for any type of trademarks. There is no different rule or practice for trademarks which relate to Major Sports Events (see also <http://ige.ch/d/jurinfo/documents/j10103d.pdf>).

c) Is the protection period for trademarks which relate to Major Sports Events the same as the protection period for other trademarks?

Yes.

d) Is the determination of a third party trader's legitimate interest in fair use different for trademarks which relate to a Major Sports Event than for other trademarks?

No difference can be found. Fair use rules (as far as expressly defined at all under Swiss law) apply. See also <http://ige.ch/d/jurinfo/documents/j10103d.pdf>. On the factual side however, many event marks contain or comprise descriptive designations which, as such, may be used by third parties.

4. Does your national law provide for a specific registration procedure for trademarks relating to Major Sports Events?

No.

5. What are possible remedies in respect of infringements of trademarks relating to Major Sports Events? Do they differ from the remedies applicable to other trademark infringements?

The available remedies are the same as in relation to all other trademark infringements:

a) In civil trial the plaintiff will usually ask for an injunction. He may also ask for compensation of damages he suffered or for surrender of all profits made by the infringing party. Furthermore, he may request information from the infringer regarding his source of supply for the infringing product. Remedial action is also available such as a declaration of nullity of an offending trademark or the recall of infringing products. Of generally minor importance is an action for declaratory judgment, e.g. stating that an infringement takes place. Finally, upon request of the plaintiff the judge may order the publication of the judgment.

b) Trademark infringement may also incur criminal sanctions (fines and/or imprisonment of up to 5 years). The trademark owner may file a criminal complaint with the competent authorities.

c) The trademark owner is entitled to assistance by the customs authorities (art. 70 following Swiss Trademark Act; for further information: http://www.ezv.admin.ch/zollinfo_firmen/besonderheiten/00387/). The authorities may notify the trademark holder of potentially infringing merchandise and – upon request – block such goods for up to ten (under special circumstances up to twenty) days. During this period the trademark owner must apply for interlocutory relief. Further, he may request the destruction of the subject merchandise by the customs authorities.

d) If immediate action is required the trademark owner may request an interlocutory injunction. He has to produce prima facie evidence that (i) an infringement of the trademark is imminent, (ii) he will suffer disadvantages not easy to repair, (iii) the requested measures are commensurable, and (iv) urgent. The petitioner is liable for damages caused by an unjustified interlocutory injunction. Further, the court will generally require a bond.

6. What are the possibilities under your national law of reacting against non-official sponsors' use or registration of trademarks which take place before a Major Sports Event and which relate to the Major Sports Event?

The use of a trademark which relates to a Major Sports Event by non-sponsors may constitute trademark infringement and/or an act of unfair competition depending on the specific circumstances, including whether adequate trademark protection is in place or whether the subject trademark is used as a mark in the course of business, etc. (cf. question I.5 above and I.7 below); the exclusive licensee has a right to sue of his own (Art. 55 paragraph 4 Swiss Trademark Act).

If the non-sponsor applies for trademark registration, the owner of the senior trademark may file opposition against the new registration within three months of the publication of the new trademark. This opposition is the start of a simple and cost effective administrative procedure with the IPI. The IPI will only examine whether there is a risk of confusion (no possibility to raise absolute grounds of refusal or contractual issues as the case may be). In the alternative, a civil action may be brought to have the registration cancelled or – under special circumstances – transferred to the plaintiff (Art. 53 Swiss Trademark Act).

The registration or use of such a trademark by a non-sponsor may under special circumstances constitute an act of unfair competition even if there is no (sufficient) trademark protection in favour of the promoter (yet) and if the behaviour in question is deceptive or misleading in any way or aimed at hampering the legitimate interests of the promoter (such as trademark or domain name grabbing).

7. Does your national law provide for protection against Ambush Marketing? In the affirmative, is such protection set out in the law protecting trademark rights, in the laws against unfair competition, or both?

a) Failed legislative proposal regarding specific statutory protection against Ambush Marketing

Prior to the European Football Championship in 2008 (Euro 2008) in Switzerland and Austria, UEFA pushed Swiss authorities to adopt a specific regulatory framework allowing to prevent unauthorized marketing activities in connection with Euro 2008. In May 2006, the Swiss Federal Council submitted to consultation a draft amendment to the Federal Unfair Competition Act of December 19, 1986 (UCA). The contemplated amendment to the UCA, a new article 3 letter ebis, was expressly aimed at Ambush Marketing techniques. The proposed provision reads as follows:

“Unfairly competing is in particular who, without adequate reason and in a parasite manner, refers to third parties, their merchandise, works or services and thereby takes advantage of their reputation.”

The consulted circles (cantons, political parties, interest groups etc.) predominantly objected to the proposed amendment. As a consequence of the broad rejection of the draft amendment, the Swiss Federal Council did not pursue this legislative project.

Opponents of a specific statutory provision pertaining to Ambush Marketing mainly argued that the existing intellectual property law and the UCA provided sufficient protection. Some opponents emphasized that the range of application of a new article 3 letter ebis UCA would be too broad. In their view, it would not be possible any more to broach the issue of Major Sports Events in marketing campaigns, although such popular events should be considered as some sort of common property. Other opponents were of the opinion that (unauthorized) references to Major Sports Events as marketing activities might promote competition. Moreover, it was argued that the proposed provision would restrict fundamental rights, such as freedom of expression and media or economic freedom, in a disproportionate manner. Finally, more politically arguing voices were bothered by the thought of having a law imposed by a powerful private association like the UEFA. They stated that it would be problematic to facilitate protection of individual interests of sport associations and major sponsors; whereas the state had to bear most security costs of Major Sports Events and small and medium sized companies could not afford to be sponsors of such events.

b) Current legal situation

The current statutory provisions provide a basis to prevent many of the various Ambush Marketing techniques: Commercial references to a major event may constitute an act of unfair competition under

certain conditions. Under the current version of the UCA, marketing activities in connection with popular events are considered as unfair if they are deluding, i.e. if they create an impression diverging from reality (for instance the impression of being a sponsor of the event), or if they give rise to confusion with the merchandise or services of others. In these cases, the marketer is in violation of art. 3 letter b or d UCA. The Ambusher may eliminate delusion or confusion by using clarifying statements indicating that it is not a sponsor of the event. If there is no delusion or confusion, Ambush Marketing is unfair if the marketer compares his products, works or services to the ones of a competitor in an incorrect, misleading, needlessly injurious or needlessly imitative manner (art. 3 letter e UCA).

Besides these special provisions, the behavior of an ambusher might be unfair under the blanket clause of art. 2 UCA. This provision declares unfair and therefore illegal any business conduct that contravenes the principle of good faith. The crux of article 2 UCA lies in its broad wording, leaving room for interpretation. This flexibility results in the somewhat low degree of predictability of its application. Further, an activity falling merely under the blanket clause of art. 2 does not incur criminal sanctions, unlike the more specific provisions in art. 3 UCA (art. 23 UCA).

The assumption that courts may hesitate to apply the blanket clause to relatively new (and manifold) market behaviors such as Ambush Marketing generated the aforementioned draft amendment to the UCA in the form of an explicit "ambush provision". Against that argument, it has been countered that the new provision was just as unclear. When is there an "adequate reason" for a reference to a sports event? When is it made in a "parasite manner"? As the conclusion of the consultation illustrates, the proposed amendment of the law was inappropriate.

As a result, on the basis of the current law, references to Major Sports Events shall be deemed fair and lawful as long as the ambusher does not incorrectly and in a qualified manner suggest being a sponsor of the event. Organizers of Major Sports Events are as a rule in a monopoly position and should be able to restrict Ambush Marketing by negotiating appropriate agreements with authorities, sponsors and licensees, by adopting appropriate trademark strategies, by raising the awareness of the rights at stake and by exercising their householder's rights in the venue of the event. In addition, the UCA, including its blanket clause, provides sufficient and adequate protection against Ambush Marketing.

8. Does your national law provide for specific trademark protection or protection against unfair competition relating to other Major Events, such as film, art or music festivals, World Expos and other similar Events?

No, there is no specific (statutory) protection in that regard.

II. Proposals for substantive harmonisation

The Groups are invited to put forward their proposals for adoption of uniform rules, and in particular consider the following questions:

1. Are particular rules on trademark protection desirable for trademarks or signs which relate to Major Sports Events? In the affirmative, why is that the case?

No, such particular rules do not seem necessary. There is no reason why trademarks or signs which relate to Major Sports Events should enjoy preferential treatment in comparison with trademarks for other goods/services.

2. What would be desirable for trademarks and signs which relate to Major Sports Events in respect of the registration of such trademarks?

a) Would it be reasonable to adopt a registration procedure which is shorter than the general registration procedure?

No, the Swiss registration procedure does not have any relevant negative impact on trademarks which relate to Major Sports Events (as opposed to other trademarks). Further, the applicant may request an expedited procedure (for a rather modest additional fee).

b) Would it be reasonable to change the classification system in respect of the registration of trademarks which relate to Major Sports Events?

No. By extending e.g. the scope of services of “organisation of sports events” in class 41 to cover (merchandising) products and services related to such an event the subject matter of trademark protection becomes indefinite. The specific goods and services, in their interplay with the similarity of the signs in question, define whether or not there is a likelihood of confusion and, thus, determine the scope of trademark protection. Any vagueness regarding the goods/services renders it impossible to evaluate whether a potential new trademark will be infringing or not.

Further, it seems perfectly acceptable to require a right owner to specify the goods and services for which his trademark shall enjoy protection and to have its trademark registered in all the relevant classes.

c) Would it be reasonable to adopt a narrowed requirement of distinctiveness for trademarks which relate to Major Sports Events or alternatively not to require distinctiveness at all?

No. It is a fundamental function of a trademark to distinguish the goods and services of one enterprise from the goods and services of other enterprises (cf. art. 1 para. 1 Swiss Trademark Act). A non-distinctive trademark cannot distinguish the goods of one enterprise from those of another enterprise. Further, European and World Championships take place in numerous sports every year. It is not obvious at all why e.g. only the governing bodies of football should be allowed to use terms like “European Championship” and/or the corresponding abbreviations. Further, in some sports there is not even just one governing body, but many competing organisations (e.g. boxing).

Thus, it is not justified to narrow the requirement of distinctiveness for marks which relate to Major Sports Events. In any event, it would disturb the proper balance of and contravene the rationale of trademark law to allow the monopolization of descriptive terms as such. Such terms belong in the public domain. Inadequacies (if any) in particular situations may be remedied by the laws against unfair competition, if the third party behaviour should contravene the principle of good faith.

Finally, separate trademark rules for certain right holders may not easily be justified and will result in other interest groups asking for similar benefits.

3. What would be desirable for trademarks and signs which relate to Major Sports Events in respect of the use requirement?

a) Would it be reasonable to adopt a use period of e.g. 8 or 10 years for trademarks which relate to Major Sports Events?

Swiss law accords to the trademark owner a period of 5 years from the end of the opposition deadline or the opposition procedure to commence use of the trademark in the normal course of business. No declaration of use or the like needs to be filed in order to maintain trademark protection; however, the trademark becomes vulnerable for non-use after the expiry of 5 years.

While it may serve the interests of sports associations it is not obvious why the use period should be extended for the subject event marks (only). Other trademark owners also have to undertake extensive preparatory work before their trademarks can be used in commerce.

Arguably and depending on the specific circumstances at issue, it might be considered a valid reason for non-use beyond the 5-year use period if e.g. the rules of the governing body require an early disclosure of the planned event logo which implies an early trademark application (even though, as a general rule, only circumstances are taken into consideration which are beyond the trademark owner's control). This seems less obvious in relation to other more generic word marks which the governing body might be tempted to “block” early in the process.

b) Would it be reasonable to apply a use period of e.g. 8 or 10 years if the period from registration of the trademark to the actual event is shorter than 8 or 10 years?

No. If the period from registration of the trademark to the actual event is shorter than 5 years non-use is (according to Swiss law) not an issue anyway. If it is longer than 5 years, the same considerations apply as set out under II.3.a).

4. What would be desirable for trademarks and signs which relate to Major Sports Events in respect of the scope of protection? Would it be reasonable to give trademarks which relate to Major Sports Events a broader scope of protection than the scope of protection given to other trademarks, and in particular in relation to other trademarks which have a low degree of distinctiveness?

The Swiss group is of the opinion that trademarks which relate to Major Sports Events should not be treated differently from all other trademarks. There is no sufficient reason to justify unequal treatment of trademark owners before the law.

In particular, the fact that sponsors invest substantial amounts of money is not a sufficient reason for a differentiation – it is for the governing bodies or organizer of the event to agree on appropriate levels of exclusivity that can be accorded to the sponsors and to put other safeguards in place. In any event, the development, manufacturing, marketing etc. in relation to other goods and services can be just as costly. In addition, Major Sports Events and/or the infrastructure they use are often partially financed with public funds, including taxes. Thus, the public and local enterprises should not be limited more in their business activities by trademarks relating to Major Sports Events than any other type of trademark. Further, if special rights were given in relation to Major Sports Events there would be similar requests from other industries as well.

On the other hand, trademarks which relate to Major Sports Events often display specific characteristics, e.g. they are very well known because of strong advertising, which results in a larger scope of protection – the courts and administrative bodies are called upon to take this into consideration.

5. What would be desirable for trademarks and signs which relate to Major Sports Events in respect of infringements of those trademarks?

a) Should the requirement of use as a mark as a precondition for trademark infringement apply to alleged infringements of trademarks which relate to Major Sports Events or should it be possible to infringe such trademarks even when the use in question can not be characterized as use as a mark? Why is that the case?

No, the arguments are the same as in the paragraphs above. In addition, the legislation against unfair competition may come into play if the trademark is not used as a mark.

b) Should the remedies available against infringements of such trademarks be different from the remedies available against infringements of other trademarks? In the affirmative: Why is that the case?

The group is of the opinion that the available remedies are sufficient and adequate.

6. Are specific measures protecting against Ambush Marketing relating to Major Sports Events necessary or justified? In the affirmative, why is that the case and what should the contents of such measures be?

The Swiss group considers that specific measures are neither necessary nor justified taking into account the public interest in free competition. The group considers that the current legal situation under the Unfair Competition Act as well as under trademark and, if need be, design law grants sufficient remedies against many Ambush Marketing methods; the group thus follows the prevailing opinion resulting from a public consultation in Switzerland in 2006 rejecting a change of the law as reported under question I.7 above.

7. Are other measures protecting against unfair competition relating to Major Sports Events necessary? In the affirmative, why is that the case?

The Swiss group considers that no other specific measures are necessary. It is for the organizers of Major Sports Events to negotiate adequate terms and conditions of such an event, be it with the sponsors (regarding adequate levels of exclusivity), sellers or re-sellers of tickets or with the public authorities of the place offering its facilities, etc.

A specific regulation focusing on major events would not make sense. Such regulation would have to be sufficiently narrow and precisely tailored in order to address the very issue of Ambush Marketing connected to any given event. In view of the multiple facets – both unlawful and lawful as it were – that Ambush Marketing and possibly ever new forms of unauthorized exploitation of such a major event can take, this task seems almost impossible. Further, it would be against a widely used approach in Swiss law-making to limit regulation to the main features leaving it to the judgment of the courts to consider specific problems and recent developments.

8. Does your group have any other views or proposals for harmonization in the area?

No further remarks.

Summary

Swiss law does not provide for specific protection for trademarks or other designations relating to Major Sports Events; rather, the general rules of trademark law apply.

A recent legislative proposal regarding specific statutory protection against Ambush Marketing failed as a consequence of the broad rejection of the draft amendment of the Swiss Act against Unfair Competition.

However, the current law provides sufficient and adequate protection for trademarks relating to Major Sports Events as well as against various forms of Ambush Marketing which are deluding, give rise to confusion with the merchandise or services of others, make reference to third parties or their merchandise in an incorrect, misleading, needlessly injurious or needlessly imitative manner, or which contravene the principle of good faith in general. If this is not the case, the subject marketing technique will be fair and lawful.

In the view of the Swiss group, there is no need for additional or more specific protection in that regard. It is for the organizers of such events to make use of the protection and remedies Swiss trademark and unfair competition law provide as well as to negotiate appropriate agreements with their sponsors and the public authorities of the host country and finally, to rely on the householder's rights in the venue.

Zusammenfassung

Gemäss Schweizer Recht besteht kein besonderer Schutz für Marken und andere Bezeichnungen für bedeutende Sportereignisse; vielmehr kommt das allgemeine Markenrecht zur Anwendung. Ein kürzlicher Vorschlag für einen spezifischen gesetzlichen Schutz gegen Ambush Marketing scheiterte aufgrund der breiten Ablehnung des Entwurfs für eine Änderung des Bundesgesetzes gegen den unlauteren Wettbewerb.

Das geltende Recht gewährt jedoch ausreichenden und angemessenen Schutz von Marken für bedeutende Sportereignisse als auch gegen verschiedene Formen von Ambush Marketing, welche täuschen oder irreführen, zu Verwechslungen mit den Waren und Dienstleistungen Dritter führen, in unrichtiger, irreführender, unnötig herabsetzender oder unnötig anlehnender Weise auf Dritte Bezug nehmen oder welche generell dem Grundsatz von Treu und Glauben zuwiderlaufen. Soweit dies nicht der Fall ist, ist die fragliche Marketing-Technik als lauter und zulässig zu bezeichnen.

Nach Ansicht der Schweizer Gruppe besteht in diesem Zusammenhang kein Bedürfnis nach zusätzlichem oder spezifischerem Schutz. Es ist den Veranstaltern eines solchen Ereignisses überlassen, den bestehenden Schutz und die bestehenden Rechtsbehelfe zu nutzen als auch angemessene Vereinbarungen mit den Sponsoren und den Behörden im Gastland auszuhandeln, und sich letztlich auf das Hausrecht am Veranstaltungsort zu berufen.

Résumé

La législation suisse n'accorde pas de protection particulière aux marques ou autres signes liés à des Evénements Sportifs Majeurs; les règles universelles sont applicables.

Une récente initiative législative tendant à introduire une protection spéciale contre l'Ambush Marketing a échoué suite à un large rejet du projet d'amendement de la Loi contre la concurrence déloyale.

Les lois existantes offrent une protection suffisante et appropriée aux marques liées à des Evénements Sportifs Majeurs et contre diverses formes d'Ambush Marketing, notamment tout comportement trompeur, toute mesure de nature à créer un risque de confusion avec les marchandises ou services d'autrui, toute référence inexacte, fallacieuse ou inutilement blessante à des tiers, leurs marchandises ou services, toute imitation inutile et toute autre conduite contraire au principe de la bonne foi. En l'absence d'un de ces éléments, la technique de marketing employée sera considérée comme légale.

De l'avis du groupe Suisse, il n'est pas nécessaire de créer une protection supplémentaire ou plus spécifique à cet égard. Il appartient aux organisateurs de tels événements d'utiliser les moyens de protection et de défense mis à disposition par la loi suisse sur la protection des marques et par celle contre la concurrence déloyale, de conclure des conventions appropriées avec leurs partenaires commerciaux et avec les autorités du pays hôte et enfin, de s'appuyer sur leur droit de maître à l'intérieur du lieu de la rencontre.

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