

Die Seite der AIPPI / La page de l'AIPPI

Relevant public for determining the degree of recognition of famous marks, well-known marks and marks with reputation (Q 234)

REPORT OF SWISS GROUP*

I. Analysis of current law and case law

1. How is the relevant public for purposes of determining the degree of recognition of famous, well-known and reputed marks defined in your jurisdiction? Is it the general public at large or a relevant sector of the public that is considered to be the relevant public in determining the knowledge, recognition or fame of a mark?

Swiss law knows (a) famous trademarks pursuant to art. 15 of the Swiss Trademarks Act (TMA), (“berühmte Marken”, “marques de haute renommée”, “marchi famosi”), (b) well-known marks (i.e., notorious marks pursuant to art. 6bis of the Paris Convention (PC), (“notorisch bekannte Marken”, “marques notoirement connues”, “marchi notoriamente conosciuti”) and (c) reputed marks (“bekannte Marken”, “marques connues”, “marchi conosciuti”). The type “reputed marks” is not specifically mentioned by the law but accepted by courts and scholars.

(a) The term “famous trademark” as used in art. 15 TMA is not defined in the TMA. Courts and scholars, however, have established the following criteria for the qualification as a famous trademark: the mark must have (i) an outstanding recognition, (ii) a certain uniqueness and (iii) a general appreciation (“Wertschätzung”). Essential feature of famous trademarks is the criterion of recognition. The owner of a famous trademark can prohibit others from using the infringing mark for any kind of goods and services to the extent such use endangers (i) the distinctive character of the trademark and/or (ii) exploits or impacts the reputation of the trademark. Consumer confusion is not required to claim protection. Therewith, a famous trademark has an extended scope of protection.

As to the degree of such recognition required to qualify as a famous trademark, the case law of the Swiss Federal Supreme Court appears to be inconsistent: In one case the court denied the required recognition of a trademark known by 46% of the total population in Switzerland, whereas in another and more recent case it held that 35–40% of the total population in Switzerland, however combined with numerous other pieces of evidence, were sufficient. The quantitative factor is therefore only one criterion out of various. The courts also consider distinctiveness (of the sign), use, advertising and publicity as well as other factors.

The relevant public for the purposes of determining the degree of recognition is the general public at large. It is not sufficient if only the target customers of specific product lines are familiar with a mark. Geographically, such recognition must exist in the entire territory of Switzerland.

(b) In order to qualify as a well-known mark, the Swiss Federal Supreme Court requires a recognition threshold of a least 50%. Distinctive feature of the well-known mark is – as an exception to the principle that trademarks need to be registered in Switzerland in order to be protected – that a well-known mark does not need to be entered into the Swiss trademark register in order to benefit from trademark protection. The registration abroad and recognition in Switzerland to the extent set out above, suffice. A well-known mark confers “trademark” protection in Switzerland for those goods or services for which the well-known mark is known (“notorious”), thus the scope of protection corresponds to the scope of goods or services for which the trademark is well-known in Switzerland.

Even marks registered in Switzerland may be considered well-known if they meet the above mentioned standards. Such marks are not subject to a use requirement in Switzerland (cf. Art. 12 TMA).

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As to the relevant public for the purposes of determining the degree of recognition, in order to qualify as a well-known mark, the trademark must be recognized in at least one of the relevant sectors of public and in the entire territory of Switzerland.

(c) A trademark can be considered reputed in case it has a particular standing or attractiveness. The reasons for this can be (i) the fanciful character of the sign used as a mark, (ii) the familiarity of a mark in the targeted public or (iii) a combination of (i) and (ii). Trademarks according to (i) are often referred to as “strong” marks, the terms “strong” and “reputed” are, however, frequently interchanged. A reputed mark benefits from an extended scope of protection: this can either be a broadened scope of protection (i) regarding similarity of signs or (ii) regarding similarity of goods and/or services or (iii) a combination of (i) and (ii) whereas these factors interplay. Reputed marks can benefit from a “niche reputation”, providing them a high scope of protection against similar signs in the “niche” area. To the extent third parties’ signs concern areas of the trademark outside of this “niche”, no extended protection would be granted.

As to the relevant public for the purposes of determining the degree of recognition, to qualify a mark as “reputed”, recognition in a limited product market (“niche market”) can be sufficient. To the extent the case is based on unfair competition law, recognition in parts of Switzerland may be sufficient in certain cases.

(d) A sub-form to (a) and (b), albeit no independent type of trademark, appears to be the mark pursuant to Art. 16 par. 3 TRIPS which provides for an extended scope of protection of Art. 6bis PC and sets forth that such protection shall apply to goods or services that are not similar to those in respect of which a trademark is registered (abroad), provided that such use of the trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

As to the relevant public for the purposes of determining the degree of recognition, the same applies as with respect to either famous marks or well-known marks – see above (a) and (b).

2. Please clarify whether your jurisdiction uses several of the terms discussed in sections 22–26. If so, is the “relevant public” construed differently when determining the recognition of famous marks, well-known marks and marks with reputation respectively (and, if applicable, marks subject to another term)? Is the assessment made based on the same criteria?

As set out above, the terms “notorious marks” or “notoriously known marks” are used in doctrine and jurisdiction to refer to well-known marks according to Art. 6bis PC. The use of this term, however, is not always done in a coherent way, in some decisions “notorious” has also been used to describe a mark with a reputation.

“(Highly) renowned” and “exceptionally well-known” are terms occasionally used by Swiss administrative authorities or by Swiss courts in order to describe specific characteristics of trademarks; the use of these words, however, is not consistent and they are no technical terms. The term “highly reputed” has already been used before the Swiss Administrative Court in order to emphasize the characteristics of a reputed mark; it is, however, not a technical term either.

Further, Swiss doctrine uses the term “marks recognized in the market place” (Marken mit Verkehrsgeltung) to describe a mark with a reputation.

The relevant public is construed accordingly.

3. If the relevant public can be a limited sector of the public please respond (if applicable with reference to statutory provisions and/or case law) to the following questions.

A few general remarks may be formulated:

- As regards famous trademarks, the relevant public is neither limited to a particular sector nor to a geographical sector.
- Besides, and as stressed above under a) and b), marks with a reputation are not defined in Swiss law.
- This suggests concentrating hereinafter on well-known marks.

- As a means of interpretation, Switzerland can interpret its law in the light of the WIPO Joint Recommendation concerning provisions on the protection of well-known marks, which however only apply as soft law.
- a) *Please briefly describe the criteria for determining the relevant public. Is consideration taken e.g. to age, gender, geography, culture, groups with special interests, sophistication/skill of the consumer? Is consideration taken to the way the goods or services with the trademark in question are marketed?*

(i) Well-known marks: As to the relevant public for the purposes of determining the degree of recognition, in order to qualify as a well-known mark, the trademark must be recognized in at least one of the relevant sectors of the public (consumers and/or producers and/or distributors) but on the entire territory of Switzerland.

As a matter of fact, consideration is taken to age, gender, culture, groups with special interests, and sophistication/skills of the consumer. For example for women's magazines, the relevant public will be women; the age could also be pertinent if the magazine is targeting young women.

As regards the geographical territory, all of Switzerland must be taken into consideration, even though we have four different official languages.

(ii) Marks with reputation: As to the relevant public for the purposes of determining the degree of recognition, recognition in a limited product market ("niche market") is sufficient for the trademark to qualify as "reputed". Recognition in parts of Switzerland has been considered sufficient in one particular case in which the trademark possessed inherent distinctiveness.

- b) *Would the relevant public be populated by actual/potential consumers/buyers of the products/services in question only or a larger public? Please explain how the delimitation is made.*

The relevant public is populated by actual/potential consumers/buyers of the products/services in question. We have no rules in that respect and decisions from our courts do not go into such details. Moreover, decisions are made on a case by case basis. Criteria as set forth in the WIPO Recommendation may apply as soft law.

- c) *Could the relevant public be composed of business/professional end consumers?*

Yes (see letter a). Particularly in case of well known marks the relevant public is quite often composed of business professionals rather than the general public. The same can apply to marks with a reputation.

- d) *Could the relevant public be composed of people in the trade of the goods or services in question, such as distributors, licensees and retailers?*

Yes.

- e) *Could the relevant public be "mixed" in a sense that it is composed of persons involved in trade, professional/business end customers and private end customers?*

Yes, being understood that it is sufficient that the trademark is well-known or has a reputation in one of the relevant sectors of the public.

- f) *How limited in terms of quantification can the relevant sector of the public be to constitute the relevant public? Is there a clear established "lowest level"?*

In Switzerland there is no minimum threshold to constitute the relevant public. If the market for a specific product is very limited, then the number of people to be considered in order to determine the relevant public would be very limited, too. It is, however, not an acceptable practice to "artificially" segment a market in order to lower the threshold.

g) *Is it possible to see any differences for different products/ industry sectors in respect of the delimitation of the relevant public?*

Yes. The relevant public depends on the nature of the product. But the (very) general criteria for the delimitation of the relevant public are the same.

4. Are there any differences between the “relevant public” concept when assessing the recognition of trademarks in respect of e.g. dilution, free riding, or when determining likelihood of confusion in infringement proceedings?

Yes, there are differences.

First, the relevant public when determining the likelihood of confusion is defined as the actual and potential consumers/buyers of the relevant trademarked goods/services. Depending on the nature of the relevant goods/services, this public can be a small group or a very large group of people.

In contrast, the relevant public when assessing the recognition of trademarks in respect of dilution, free riding etc. can be much broader and isn't limited to the actual/potential buyers. For example, few people will error by a Rolex watch, a Rolls Royce car or a Boeing airplane, but all people who know these famous marks constitute the relevant public when determining whether there is dilution or free riding.

Second, even if, as outlined under 3 f) above, there is no minimum threshold for the degree of fame, notoriety, or reputation, it is clear that the relevant public must be qualified in a certain sense, and this qualification normally has an important quantitative element, in the sense of the question: How many members of this public know the trademark?

In the case of famous marks, the relevant part of the public may not be limited but basically encompasses the entire population of Switzerland, in case of well-known marks, the relevant part of the public may be much smaller but this group must have a very high awareness (50%) of the mark, and a trademark with a reputation must per definition also be particularly known and not be an “average” mark. So even if the qualification of the group differs, it is clear that each of these categories of marks relates to a quantitatively qualified public, and not to the public as such.

When determining likelihood of confusion, the qualification of the relevant public is different, because it essentially results from the specification of goods and/or services covered by the conflicting marks.

The relevant public consists of the actual and the potential consumers/buyers of the relevant goods/services. Once this relevant public has been defined, the test for risk of confusion is whether the posterior trademark creates a risk that the average member of such public (“durchschnittlicher Letzt-

abnehmer”) is confused as to the commercial origin of the relevant goods/services. This test is therefore based on the perception of a fictional figure, and it does therefore normally not include the question of how many members of the relevant public may be confused. Rather, the answer to the question is digital, either yes or no, and this regardless of the number of the members of the relevant public who risk to be confused. If the assessment of the risk of confusion leads to the conclusion that only a minimal part of the average consumers relevant public risk to be confused, then the results of the test is that there is no risk of confusion in the sense of the trademark law (de-minimis rule).

5. When does the assessment of the relevant public come into play e.g. in registration matters, proceedings in respect of wrongful use such as free riding, dilution, infringement proceedings, and opposition proceedings?

a) *Registrations matters*

In registration matters, the relevant public comes into play e.g., when one determines the meaning of the trademark, e.g. descriptive, misleading or offensive character only for minorities (Art. 2 lit. a., c. and d. TMA) or for the evidence of secondary meaning (“Verkehrsdurchsetzung”) for overcoming objections of alleged lack of distinctiveness (Art. 2 lit. a. TMA).

b) Trademark conflicts

The assessments mentioned above can also be relevant in trademark conflicts. They come into play (i) for defining the scope of protection (evidence of the fact that a trademark is well-known, reputed and enjoys a broad scope of protection), (ii) in opposition proceedings and trademark infringement actions based on trademarks not registered in Switzerland (evidence of notoriety pursuant to Art. 6bis of the Paris Convention; Art. 3 Section 2 b TMA), (iii) in trademark infringement actions based on famous trademarks (evidence of outstanding recognition and general appreciation ["Wertschätzung"]) and (iv) in actions, where the dilution of a trademark or the free riding in another's trademark's reputation are relevant.

6. Is the relevant public determined by a test, a specific procedure or in some similar manner, or rather on a case-by-case basis? Please give a brief description of how the test or analysis is made.

The determination of the relevant public under Swiss law is a legal question, which is decided by the courts in their own discretion. The published decisions do not contain information about the reasoning of the courts regarding the selection of the relevant public. Rather than following a specific procedure, such decisions are made on a case-by-case basis. In proceedings relating to a famous trademark according to Art. 15 TMA, the courts would regularly determine that the relevant public is constituted by the general public at large, since the general appreciation ("Wertschätzung") has to be proven across the general public in Switzerland.

In contrast, with respect to well-known marks or marks with reputation, the courts would rather determine that the relevant public would constitute of potential or actual purchasers ("Abnehmer") of the product/service in question. For example, in a case regarding the recognition of a tobacco brand, the relevant public would also include non-smokers due to their potential of becoming smokers.

II. Proposals for harmonization

Is harmonization desired?

If yes, please respond to the following questions.

There is a general consensus that an international harmonization is desired, provided that such harmonization would neither complicate the enforcement of famous marks, well-known marks and reputed marks in Switzerland nor unduly broaden their protection compared to the current situation.

1. Is it the general public at large or a particular sector of the public that should be considered as the relevant public in determining the knowledge, recognition or fame of a mark?

There is a general consensus amongst the members that the Swiss system as described above is logical and concise. It would, however, be appreciable to get more guidance by the courts.

Some members of the working group are of the opinion that in countries without an unfair competition law regulation comparable to Switzerland a harmonization could either consist in an amendment of the unfair competition legislation or the introduction of a famous mark where the relevant public is limited.

Some members of the working group expressed a dissenting opinion in the sense that in case of exceptionally high reputation, the extended scope of protection provided for famous trademarks should also be available for trademarks which fulfil these requirements only in a particular sector of the public. This at least could be considered in relation to (unrelated) goods and services which are of interest to a substantial portion of the same group of consumers. As an example, a trademark for skate boards famous among teenagers but ignored by the older generations is likely to have a great economic value and potential for diversification. It should be protected against misuse by third parties for mobile phones, trendy soft drinks or fashion accessories for teenagers and subsequent dilution.

2. Please briefly set out the criteria to be used when establishing the relevant public for determining the degree of recognition of famous marks, well-known marks and marks with reputation.

As regards well-known marks and marks with a reputation, the relevant public should be determined on the basis of actual/potential consumers in the relevant product market rather than on the basis of merely hypothetical consumers.

3. Should the relevant public be construed differently for famous marks, well-known marks or marks with a reputation? If so, please define the terms used and describe what criteria is to be used for the different types of marks.

Most of the members are of the opinion that the Swiss approach makes sense. Predictability is an important aspect of Swiss trademark legislation. Claims that are based on trademarks not entered into the trademark register should be reduced to the absolute essential. Some members, however, expressed the dissenting opinion that a smaller sector of the public should be considered in some cases of famous trademarks (see answer to harmonization related question no. 1 above).

4. Would it be possible or desired to establish a test or a specific method of establishing the relevant public or should this be done on a case-by-case assessment? How should the test or analysis be made?

The members of the working group are of the opinion that the case-by-case assessment is favourable as it gives the courts (and the parties) the necessary flexibility to decide the cases on the basis of their factual peculiarities.

National Groups are invited to comment on any additional issues concerning the relevant public for determining the degree of recognition of famous marks, well-known marks and marks with reputation that they deem relevant.

The members of the working group are of the opinion that a harmonization in terminology is desired. The current situation where various different expressions are used in different countries, but also within Switzerland, is not considered satisfying.

In case percentages are referenced in order to achieve a certain threshold, the circumstances of how the figures had been established should be disclosed. However, the members of the working groups feel that no harmonization regarding specific figures of such thresholds is needed. Fixed percentages can only be determined by way of surveys that are often too expensive.

Summary

Under Swiss law, a mark must dispose of an outstanding recognition to qualify as a famous trademark. The relevant public for the purposes of determining the degree of recognition is the general public at large. It is not considered sufficient if only the target customers of specific product lines are familiar with a trademark. Geographically, such recognition must cover the entire territory of Switzerland.

In order to qualify as a well-known mark, to obtain protection without disposing of any registration, a minimal recognition threshold of 50% in at least one of the relevant sectors in Switzerland is required. However, consideration is taken to specific characteristics of the actual/potential consumers or business professionals in respect of the goods/services the mark is known for.

Marks are considered reputed or strong in Switzerland due to their fanciful character and/or due to their familiarity in the targeted public. As to the relevant public, recognition in a limited product market is sufficient.

The relevant public comes into play in registration matters as well as in trademark conflicts. As regards the likelihood of confusion, the relevant public is defined as the actual/potential consumers of the covered goods/services, whereas in infringement actions, where dilution or free riding are an issue, the relevant public is much broader.

The members of the Swiss working group are of the opinion that a harmonization in terminology is desired, since currently various expressions are referred to in different jurisdictions. However, the group members feel that for cost reasons no harmonization regarding specific figures of thresholds is needed.

Zusammenfassung

Unter Schweizer Recht benötigt eine Marke überragende Verkehrsgeltung, um als berühmte Marke zu gelten. Der für diese Bestimmung relevante Verkehrskreis ist das allgemeine Publikum; es reicht nicht, dass nur das Zielpublikum von speziellen Produktelinien mit der Marke vertraut ist. In geografischer Hinsicht muss eine solche Verkehrsgeltung Bestand in der ganzen Schweiz haben.

Für notorisch bekannte Marken, welche auch ohne Eintragung im Markenregister Schutz beanspruchen können, ist ein Schwellenwert von mindestens 50% in mindestens einem der relevanten Sektoren in der Schweiz erforderlich. Eigenheiten der tatsächlichen oder potenziellen Konsumenten oder Fachleute in Bezug auf die Waren und Dienstleistungen, für welche die Marke bekannt ist, müssen ebenfalls berücksichtigt werden.

Marken gelten in der Schweiz dann als bekannt bzw. stark, wenn sie entweder einen fantasievollen Charakter und/oder eine hohe Bekanntheit beim Zielpublikum aufweisen. Was den relevanten Verkehrskreis angeht, so ist die Anerkennung in einem eingeschränkten Produktmarkt ausreichend.

Der relevante Verkehrskreis ist im Zusammenhang mit der Eintragung von Marken ins Register, aber auch bei Markenstreitigkeiten von Bedeutung. Wenn es darum geht, die Verwechslungsgefahr zu bestimmen, wird das relevante Publikum auf der Basis der tatsächlichen oder potenziellen Konsumenten der beanspruchten Waren oder Dienstleistungen bestimmt. Im Falle von Verletzungsklagen, bei welchen es um Verwässerung oder Rufausbeutung geht, ist der relevante Verkehrskreis viel breiter.

Die Mitglieder der Schweizer Arbeitsgruppe sind der Meinung, dass eine Harmonisierung in Bezug auf die Terminologie wünschenswert ist, da zurzeit in den einzelnen Rechtsordnungen diverse Ausdrücke Verwendung finden. Die Arbeitsgruppenmitglieder sind jedoch der Ansicht, dass aus Kostengründen die Harmonisierung bestimmter Schwellenwerte nicht notwendig ist.

Résumé

En droit suisse, une marque doit disposer d'une reconnaissance exceptionnelle pour être considérée comme une marque de haute renommée. Le public pertinent aux fins de déterminer le degré de reconnaissance est le public en général. Une marque de haute renommée ne sera par conséquent pas admise si seuls les destinataires des produits spécifiques reconnaissent la marque. Géographiquement, cette reconnaissance doit couvrir l'ensemble du territoire de la Suisse.

Pour être qualifiée de marque notoirement connue et disposer d'une protection indépendamment de tout enregistrement, une marque doit avoir un seuil de reconnaissance minimale de 50% dans au moins un des secteurs pertinents en Suisse. Dans cette appréciation, on tient toutefois compte des caractéristiques spécifiques des biens/services par rapport aux consommateurs ou aux professionnels actuels/potentiels.

Les marques sont considérées comme «connues» ou «fortes» en Suisse sur la base de leur caractère fantaisiste et/ou en raison de leur degré de reconnaissance auprès du public cible. En ce qui concerne le public pertinent, la reconnaissance dans un marché de produits limité est suffisante.

Le public cible entre en ligne de compte tant en matière de procédure d'enregistrement qu'en matière de conflits de marques. En ce qui concerne le risque de confusion, le public pertinent est défini comme étant les consommateurs actuels/futurs des biens/services couverts par la marque. Pour les actions en contrefaçon fondées sur un risque de dilution ou de parasitisme de la marque, le public pertinent est beaucoup plus large.

Les membres du groupe de travail suisse sont d'avis qu'une harmonization de la terminologie serait judicieuse car actuellement diverses expressions sont utilisées dans différentes juridictions. Par ailleurs, les membres du groupe estiment que, pour des raisons de coûts, il n'est pas nécessaire d'harmoniser le seuil de pourcentage pertinent.