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Descriptive use as a defence in trademark proceeding

REPORT OF THE SWISS GROUP*

I. Current law and practice

Please answer the below questions with regard to your Group's current law and practice.

1.a) May a descriptive use of a third party's trade mark act as a defence to an allegation of trade mark infringement by that third party? Please answer YES or NO.

Yes.

b) Are there specific statutory provisions in your law governing this defence? Please answer YES or NO.

No.

c) If the answer to Q1)b) is YES, what does/do the statutory provision(s) state?

N/A

If you have answered NO to Q1)a), please skip Q2)-Q6) and proceed to Q7); If you have answered YES to Q1)a), please proceed to Q2).

2. Is this defence only available as a defence in respect of word trade marks?

No. In a landmark dated decision dated 1991, the Swiss Federal Supreme Court recognized the descriptive use defense in the context of a *word mark*: the owner of the Swiss mark "Valser", which means "from Vals" (a village located in the canton of Graubünden, in Switzerland) requested the cancellation of the subsequent marks "Optima Valsertal", "Piz Ault Valsertal" and "Primus Valsertal" ("Valsertal" meaning "Vals Valley"), on the ground that they create a likelihood of confusion with its mark. All signs were registered in relation to non-alcoholic beverages, and in particular mineral water. The owner of the attacked marks responded that it was entitled to indicate that its own products originated from the Vals Valley.

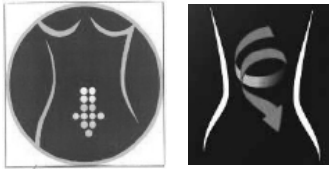
The Court held that geographical names such as "Valser" are descriptive and thus belong to the public domain unless they are used as a fanciful denomination or if they have acquired, through intensive use, a secondary meaning. The "fanciful denomination" doctrine was later elaborated to include, for instance, the use of a geographical place in a symbolic way (such as "Etna" [an Italian volcano] for bunsen burners) and "Alaska" for menthol cigarettes, or if it refers to a place which the covered goods evidently cannot originate from – such as "Mont-Blanc" for pens.

The Court then ruled that even if "Valser" had acquired a secondary meaning, its owner could not prevent competitors from indicating the geographical origin of their goods. However, such competitors have to make sure to sufficiently distinguish their marks from the prior trade mark. Like in cases of homonyms, it is necessary to balance the conflicting interests. As an obiter dictum, the Court mentioned that the interests of the local resident in the use of the name of a place would be given less weight than the right of the name holder to use his own name as a means of identification (BGE 117 II 321).

Descriptiveness of a trade mark can result from word elements as well as from device elements, or even a combination thereof. In general opinion, descriptive motifs are in public domain. E.g. an arrow pointing downwards in a female bust describes the digestive effects of the products in question; due to

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the differences in color and the graphical representation of the bust and the arrow, there is no relevant likelihood of confusion between the trade marks depicted below (BVGer No. B-5557/2011):



Accordingly, the descriptive use defense is not only available in respect of word trade marks but may be invoked in respect of figurative and combined marks also.

3. Under what conditions may a descriptive use of a third party's trade mark act as a defence to an allegation of trade mark infringement by that third party?

In principle, descriptive signs belong to the public domain and are to be kept free for trade. Therefore, there is basically no likelihood of confusion if the conflicting signs only share a descriptive element.

However, additional aspects might lead to a likelihood of confusion; according to the Swiss Federal Administrative Court, e.g. the combined trade mark "TheBodyShop" has been infringed by the combined trade mark "TheFaceShop" for identical goods (cosmetics), because the signs shared not only elements belonging to the public domain ("the", "shop") but also the structure comprising "the" at the beginning, "shop" at the end as well as an element of equal length referring to the body or a part of the body in the middle (BVGer No. B-2711/2016).

Likewise, the following trade marks, both covering goods of class 14, were found by the same Court to be too close:



The reasoning is that although the term "nice watch" belongs to the public domain, the similar graphical representation of the point of the letter "i", the fonts and structure of the marks create a likelihood of confusion (BVGer No. B-1481/2015).

As indicated earlier, the Swiss Federal Supreme Court held that even if a name of a place has acquired distinctiveness, i.e. if it does no longer belong to the public domain, the owner of such a trade mark cannot prohibit more recent competitors from indicating the geographical origin of their goods – provided that adequate measures are taken to ensure a sufficient distinction (BGE 117 II 321).

4.a) In order for the defence to succeed, must the use be "honest", "fair" or an equivalent thereof? Please answer YES or NO.

Swiss trade mark law does not provide for such specific conditions; however, the duty of good faith and the prohibition of abuse of rights are cardinal principles of Swiss law and ensue from art. 2(1) and 2(2) of the Swiss civil code ("*[E]ach person shall be required to exercise his rights and fulfill his duties in good faith. The manifest abuse of a right shall not be protected by law*") and 2 of the Swiss Act against unfair competition ("*[A]ny behavior or business practice that is deceptive or that in any other way infringes the principle of good faith and which affects the relationship between competitors or between suppliers and customers shall be deemed unfair and unlawful*").

b) If the answer to Q4)a) is YES, what factors are taken into account when assessing this requirement? Please tick the boxes as applicable.

- the reputation of the invoked trade mark
- the use affects the value of the invoked trade mark by taking unfair advantage of its distinctive character or reputation
- the use gives the impression that there is a commercial connection with the trade mark owner
- the use discredits or denigrates the invoked trade mark

- the product is presented as an imitation or replica of the product bearing the invoked trade mark
- the way the sign is used, namely purely descriptive and in accordance with honest practices (which is notably not met if there are similarities in other aspects)
- the party invoking the defence was aware of the invoked trade mark
- other, namely ...

5. What kind of evidence may be accepted to support the defence?

In principle, any kind of evidence can be presented to support the defence. However, surveys aiming to prove e.g. the absence of likelihood of confusion between two marks, have in theory no relevance under Swiss law since assessing a likelihood of confusion is a question of law, not of fact (BGE 126 III 315, 318; BVGer No. B-4A_167/2019).

6. In what types of proceedings concerning trade mark infringement can the defence be invoked? Please tick the boxes as applicable.

- court proceedings (civil)
- court proceedings (administrative)
- court proceedings (criminal)
- IP office
- other, namely N/A

II. Policy considerations and proposals for improvements of your Group's current law

7. Could any of the following aspects of your Group's current law or practice relating to the descriptive use defence against an allegation of trade mark infringement be improved? If YES, please explain.

No

- a) whether a descriptive use of a third party's trade mark can act as a defence to an allegation of trade mark infringement by that third party and if so, whether this applies only to word trade marks
- b) under what conditions a descriptive use of a third party's trade mark may act as a defence to an allegation of trade mark infringement by that third party
- c) whether, in order for the defence to succeed, the use must be "honest", "fair" or an equivalent thereof
- d) the kind of evidence that may be accepted to support the defence
- e) the types of proceedings concerning trade mark infringement in which the defence can be invoked

8. Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

No.

III. Proposals for harmonization

Please consult with relevant in-house / industry members of your Group in responding to Part III.

9. Do you believe that there should be harmonization in relation to the descriptive use defence against an allegation of trade mark infringement?

Yes. Harmonization is always welcome in trade mark law since disputes are increasingly international (cross-border).

If YES, please respond to the following questions without regard to your Group's current law or practice.

Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.

10. Should a descriptive use of a third party's trade mark act as a defence to an allegation of trade mark infringement by that third party? Please answer YES or NO.

Yes.

11. Should this defence only be available as a defence in respect of word trade marks?

No. The Swiss group sees no compelling reasons as to why the descriptive use defence should be limited to word marks.

12. Under what conditions should a descriptive use of a third party's trade mark act as a defence to an allegation of trade mark infringement by that third party?

The Swiss group is of the opinion that a descriptive use defense shall be available only if the use is purely descriptive and if there are no similarities in other aspects between the marks at stake.

13.a) In order for the defence to succeed, should the use be "honest", "fair" or an equivalent thereof? Please answer YES or NO.

Yes.

b) If the answer to Q13)a) is YES, what factors should be taken into account when assessing this requirement? Please tick the boxes as applicable.

- the reputation of the invoked trade mark
- the use affects the value of the invoked trade mark by taking unfair advantage of its distinctive character or reputation
- the use gives the impression that there is a commercial connection with the trade mark owner
- the use discredits or denigrates the invoked trade mark
- the product is presented as an imitation or replica of the product bearing the invoked trade mark
- the way the sign is used, namely purely descriptive and in accordance with honest practices (which is notably not met if there are similarities in other aspects)
- the party invoking the defence was aware of the invoked trade mark
- other, namely ...

14. What kind of evidence should be accepted to support the defence?

The Swiss group opines that no harmonization is needed about the kind of evidence that can be filed, since there are profound differences between common-law and civil jurisdiction in this respect – and in particular the admissibility and relevancy of survey evidence aiming to assess actual or likely consumer confusion.

15. In what types of proceedings concerning trade mark infringement should it be possible to invoke the defence? Please tick the boxes as applicable.

- court proceedings (civil)
- court proceedings (administrative)
- court proceedings (criminal)
- IP office
- other, namely ...

Summary

Under Swiss law, a descriptive use of a third party's trademark may act as a defence – in civil, administrative and criminal court proceedings as well as proceedings held before the Swiss Institute of Intellectual Property – to an allegation of trade mark infringement. By way of an example, even if the name of a geographical place has acquired distinctiveness, i.e. if it does no longer belong to the public domain, the owner of such a trade mark cannot prohibit more recent competitors from indicating the geographical origin of their goods, provided that adequate measures are taken to ensure a sufficient distinction in order to avoid any risk of confusion.

Zusammenfassung

Nach schweizerischem Recht kann die beschreibende Benutzung einer Drittmarke in zivil-, verwaltungs- und strafrechtlichen Verfahren sowie in Verfahren vor dem Schweizerischen Institut für Geistiges Eigentum als Verteidigung gegen den Vorwurf der Markenverletzung dienen. Selbst wenn sich z.B. der Name eines geografischen Ortes als Marke durchgesetzt hat und daher nicht mehr zum Gemeingut gehört, kann der Markeninhaber seinen Konkurrenten die Angabe der geografischen Herkunft ihrer Produkte nicht verbieten, sofern sie durch geeignete Massnahmen eine ausreichende Unterscheidung gewährleisten und damit jede Verwechslungsgefahr vermeiden.

Résumé

En droit suisse, l'utilisation de manière descriptive de la marque d'un tiers peut être invoquée en réponse – dans le cadre de procédures civiles, administratives et pénales, de même que devant l'Institut fédéral de la propriété intellectuelle – à l'allégation d'une violation de marque. À titre d'exemple, même si le nom d'un lieu géographique s'est imposé à titre de marque, et n'appartient dès lors plus au domaine public, le titulaire d'une telle marque ne saurait faire interdiction à ses concurrents d'indiquer l'origine géographique de leurs produits, à la condition qu'ils prennent des mesures adéquates visant à assurer une distinction suffisante et à éviter tout risque de confusion.