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"COLORADO, (fig.)"
– Confrontation over trademarks with geographical content

by Marcel Bircher

In a recent decision the Swiss Federal Appeal Commission for Intellectual Property explicitly broke with the long-standing practice established by the Swiss Federal Institute of Intellectual Property with regard to trademarks with geographical content.

The Institute declined to register the trademark "COLORADO, (fig.)" filed in the classes 18 and 25 for bags, headgear, footwear and casual clothing, as the applicant had refused to add to the classes of goods and services the limitation "goods of US origin". The reasoning of the Institute was that the trademark would be misleading without this limitation if used for goods not originating in the US.

The Appeal Commission took a different stance on this issue. It argued that the potential danger of misleading use of a trademark with geographical content would only justify refusal to register the trademark in exceptional cases, i.e. only in cases deserving special protection. Such cases are at hand if:

- a trademark with geographical content is claimed for produce of the land;
- a trademark with geographical content is claimed for goods or services with regard to which the respective location benefits from a special reputation in the judgment of the Swiss public;
- the geographical indication contained in the trademark appears on a list of names which is binding for Switzerland due to a bilateral or multilateral treaty on the protection of appellations of origin, indications of source or other geographical indications;
- a trademark contains the name of a nation state in substantive or adjectival form or its armorial bearings, flags or other state emblems in the sense of article 6ter of the Paris Convention for the Protection of Industrial Property.

In the COLORADO-case the Appeal Commission could not see any circumstances deserving special protection. Consequently it allowed for the registration of

the trademark "COLORADO, (fig.)". It also intends to rule in the same way in similar cases in the future. The Institute, however, has suspended the processing of many cases of trademarks with geographical content. Further the Institute has made an appeal to the Swiss Federal Supreme Court to have the decision of the Appeal Commission overturned. Thus the decision has not yet become final and it will be up to the Swiss Federal Supreme Court to have the last word in this matter. In a recent decision regarding the trademark "Fischmanufaktur Deutsche See, (fig.)" (in English: "Fish manufactury German Sea") of May 18, 2006, the Federal Supreme Court indeed took a stringent approach to trademarks with geographical content, ruling that said trademark could only be registered for fish and seafood with the limitation "for products of German origin".

License Analogy Method – No Damage Claim without Damage

by Dr Roger Staub

In cases of intellectual property rights infringement, Swiss law offers the Claimant basically three options for calculating the damage claim: the Claimant can try to prove the effective or direct damage resulting from the infringement, or he can calculate the damages by analogy, based on the profits the infringer has gained by his infringing activities, or he can apply the so-called license analogy method. In this last case, the compensation to be paid by the infringer to the right owner is calculated on the basis of the hypothetical license fee that two reasonable contractual parties would have agreed on if licensing the infringed intellectual property right.

In the past, it was unclear whether the application of the license analogy method required evidence that the Claimant had actually suffered a financial loss. In a recent decision, the Swiss Federal Supreme Court has confirmed that there is a requirement to show actual loss. This decision was reached by applying the general principles of tort law to IP infringements. One of these general principles states that a claim for compensation of damage requires proof of actual damage. The Supreme Court reasoned that the license analogy method is nothing more than a method for measuring actual damage and that the method itself does not include a general presumption that damage has actually occurred. In the specific case, the Court did not accept application of the license analogy method, since the Claimant did not allege that he would have been in a position to exploit the infringed rights, either on his own or through a license agreement on the financial terms he was seeking to recover from the Defendant. The complaint was therefore dismissed.

Interestingly, this result is not in line with what is envisaged in art. 13(1)(b) of the EC

IPR Enforcement Directive (Directive 2004/48/EC) for IP infringement cases in the EU. The Federal Supreme Court explicitly refused to consider this provision of EC law for the interpretation of the general Swiss law on torts. Nevertheless, this decision does not mean the end of financial claims based on IP infringement when no actual damage can be proven. Claimants may still base claims on art. 423 of the Swiss Code of Obligations and claim an accounting for profits. This, however, requires proof of an unjustified enrichment of the Defendant.

New trend or singular case? Supreme Court's surprising view of the forfeiture of trade-mark claims

by Dr Alesch Staehelin

Until recently, the Swiss Federal Supreme Court generally assumed forfeiture of trademark enforcement rights only if an infringement had been going on for no less than 4-8 years. However, due to a rather surprising decision from the Supreme Court dated March 2, 2006, trademark owners must now be prepared to defend their rights fast against any infringing party – if not, they risk forfeiture of those rights.

In the case at hand, the Supreme Court refused to grant a preliminary injunction filed by the owner of a trademark registered in class 30 for bread and other bakery products ("services de boulangerie") against a bakery using a confusingly similar mark for the packaging of its own bread. The Supreme Court found that the claimant should have been aware of the trademark infringement, which had already been going on for two years prior to the claimant filing its request. This principally on the basis that some of the claimant's franchisees had their bakeries near the infringer's bakeries. Although it seems the franchisees were not aware of the infringement of their franchisor's trademark rights, the Supreme Court attributed to the claimant knowledge that the Supreme Court considered the franchisees ought to have had. Moreover, the Supreme Court justified its decision with the view that the claimant should have watched the very competitive bakery market more closely.

The Supreme Court held that the claimant's toleration of the trademark infringement for a period longer than two years caused the infringer to believe in good faith that the claimant had permanently accepted the infringing activity. This conclusion of the Supreme Court was mainly based on the fact that bread is a product of daily consumption and that the bakery infringing the claimant's trademark had never tried to hide its infringing activity. Furthermore, the Supreme Court confirmed that the infringer had acquired a valuable market position by using the trademark. In conse-

quence, the Supreme Court found that the claimant's entitlement for injunctive relief against the infringer was forfeited.

It remains to be seen whether this view of the forfeiture of trademark claims of the Supreme Court generally constitutes a new trend to be taken into consideration when analysing competitor's activities and, in particular, potentially infringing behaviour, or, whether the Supreme Court's surprising verdict solely reflects the very singular fact pattern of a rather specific case.

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