

Switzerland

IP protection comes to the fore in Switzerland

In recent years there have been some significant changes to intellectual property in Switzerland.

General changes

Fees

In January and May 2007 the Federal Institute of Intellectual Property (IIP) introduced two reductions of the IP rights registration fees. The changes removed or reduced approximately 70 fees, including reducing:

- the annual fee for the fifth and sixth years of patent registration from Sfr310 to Sfr100;
- the fee to register a trademark in up to three classes from Sfr600 to Sfr350 if filed electronically; and
- the fee for designating Switzerland under the Madrid System from Sfr600 to Sfr450.

New Federal Administrative Court

As of January 1 2007 the new Administrative Court replaced the IP Board of Appeal. This court is competent to hear appeals of IIP decisions.

The court fees are approximately Sfr2,500 for a trademark application proceeding and between approximately Sfr2,000 and Sfr4,000 for a trademark opposition proceeding. Compensation for the party's costs is usually between Sfr2,000 and Sfr4,000.

IIP online database

The IIP's free online database is now available in English and allows a fast search of registered IP rights in Switzerland.

An extended search is possible for patents and links to Espacenet are provided. With regard to trademarks, the status of an application is specified (eg, opposition) and pending applications are also visible. However, international trademarks designated to Switzerland are not available in the database.

Stop Piracy campaign

On January 16 2007 the justice minister launched a campaign to raise public awareness of the damage that counterfeit products cause to the economy. The campaign is supported by the Stop Piracy Anti-counterfeiting and Piracy Platform.

Switzerland is seen as a hub for the transit of counterfeit and pirated goods, particularly for EU member countries. Consequently, this campaign must be backed by firmer action, such as introducing effective border measures.

'Swissness'

The Swiss cross and references to being 'Swiss-made' are widely perceived as indications of high quality and thus carry competitive advantages. Although use of these indications is restricted by law, they are widely used in business as the relevant laws are not strictly enforced. Therefore, the government has approved a recommendation to introduce new legislation to clarify use and protection of the Swiss cross and the term 'Swiss-made', both in Switzerland and abroad.

Patents

Legislation

The patent legislation is undergoing revision to adapt to technical progress and international developments. The focus of the revision is to ensure adequate patent protection for inventions in the field of biotechnology and to help to eliminate negative prejudice regarding research and further development.

To this end, Parliament has approved amendments in the field of biotechnological inventions. According to prevailing opinion, the law provides absolute substance protection, but only for disclosed industrial applications in order to avoid speculative patent claims. Inventions will be considered unpatentable if their commercial exploitation would be contrary to public order, morality, human dignity

or the dignity of creatures. The law explicitly provides for permitted research and testing of the invention.

Parliament also:

- ratified the European Patent Convention and the London Agreement on June 12 2006;
- agreed to ratify the World Trade Organisation (WTO) Patent Law Treaty;
- implemented the WTO compulsory export licences to facilitate access to drugs for developing countries;
- introduced measures to combat piracy; and
- introduced revisions to the Swiss Code on International Private Law.

The new law sets out new border measures in favour of rights owners, namely:

- the option to stop goods in import, export and transit;
- simplified destruction proceedings;
- seizure of goods for private use; and
- increased criminal penalties.

The final step to revise the patent legislation will be the passing of laws regarding a patent court and patent attorneys. These laws are designed to improve legal protection and advisory services in patent matters in order to strengthen Switzerland's reputation as a country of innovation. The Federal Council carried out a public consultation on the two new laws, which ended on March 30 2007.

The issues relating to the national, regional or international exhaustion of patent rights have been temporarily exempted from the revision. In *Kodak* (BGE 126 III 129, 1999) the Supreme Court decided in favour of the national exhaustion of patent rights (with restrictions according to the patent and antitrust laws).

Case law

Financial compensation

In cases of IP rights infringement, the Swiss law offers two options to obtain compensation: damages or surrender of profits.

As it can be difficult to substantiate the amount of damages, the courts have applied the licence analogy method to determine lost profits, even if the plaintiff had neither the intention nor the capacity to grant a licence. However, in *Milchschaumer* (Case 4C.337/2005) the Supreme Court held that the application of the licence analogy requires evidence of lost profits. According to the court, this would be the case only where a licence agreement between the parties was highly likely.

Claiming surrender of profits has been popular as neither damage nor fault need be proven. However, the Supreme Court has required the rights owner to prove the defendant's bad faith. In *Rohrschelle* (Case 4C.290/2005) the Supreme Court paved the way for obtaining surrender of profits from a good-faith infringer if the unjustified enrichment of the defendant is proven.

The substantiation of a financial claim remains difficult. In *Comcord* (Case 4C.52/2007) the Supreme Court denied damages for loss of profits and market confusion; since the plaintiff did not use its trademark, market entry was improbable and the trademark was unknown to the public.

In light of this, it remains difficult to claim for financial compensation without a concrete catalogue of decisive factors, similar to the US *Panduit* test.

Cross-border litigation

In 2006 the Zurich Commercial Court rendered an important decision in relation to jurisdiction for nullity claims relating to IP rights and cross-border litigation (*Bioreaktoren*, Case HG050410). Although the case dealt with trademarks, the decision is significant for patent litigation. The decision went on from the European Court of Justice decision in *GAT* (Case C-4/03, July 13 2006). Accordingly, the court suspended the pending infringement proceedings and granted a limited period of time for the defendant to file a nullity action with the competent court in the place of the foreign registration.

Trademarks

Legislation

Switzerland has implemented border measures in order to fight counterfeiting and piracy more effectively. In addition, on July 6 2007 it finalised its ratification of the Trademark Law Treaty. No new legislation is necessary as national legislation already fulfils the treaty's requirements.

Case law

Three-dimensional marks

Several recent decisions have raised the bar for registration of three-dimensional marks, due to a lack of distinctiveness or technical necessity. The courts have taken their cue from the Supreme Court decisions in *Lego III* (BGE 129 III 514, 2003) and *Smarties* (BGE 131 III 121, 2005). In general, a three-dimensional mark is registrable if it:

- is not functionally or aesthetically essential;
- is not technically essential; and
- does not belong to the public domain.

The courts have applied the criterion that a three-dimensional mark must diverge from “the expected and the accustomed” and have gone on to state that its form must clearly diverge from a “banal” form.

In *Philips* (Case 4P.200/2006) the Supreme Court confirmed a decision to reject a petition for a preliminary injunction to prevent the defendant from marketing a Remington electric razor with three rotary blades in a triangular pattern and upheld the lower court's reasoning that the three-dimensional mark could not be protected as it was technically necessary for third parties to be able to use that shape in view of the small number of possible shapes available for the type of product.

However, in *Silk Cut* (Case B-7400/2006) the Administrative Court stated that even if a shape lacks distinctiveness, it can be registered as a three-dimensional mark if two-dimensional elements evoke a distinctive overall impression.

Geographical indications

In *Colorado* (Case 4A.13/2006) the Supreme Court confirmed the IIP's broad approach to geographical marks and requested a limitation to goods of US origin. It stated that the mark should be accepted as a sign if the geographical name is of a symbolic character only. Foreign trademark registrations are usually not binding or treated as precedent in Switzerland. The restrictive approach to geographical marks is consistent with the earlier jurisprudence of the Swiss Federal Court (*Fischmanufaktur Deutsche See*, Case A4,3/2006).

In a case concerning the trademark BELLAGIO, the IIP considered the trademark to be a geographical indication that should be freely available. It stated that Bellagio is a popular tourist destination on Lake Como, Italy, which is known by a significant segment of the Swiss population. The Administrative Court overturned the IIP's decision, stating that the Bellagio Casino is even more famous (Case B-7411/2006) and thus allowed the trademark for various fruits, vegetables and agricultural products.

Forfeiture of trademark rights

Previously, the Supreme Court generally assumed forfeiture of trademark enforcement rights only if infringement had been ongoing for at least four to eight years. However, in a surprising decision in *Brot* (Case 4C.371/2005), the Supreme Court stated that the fact that infringement had continued for two years without the claimant challenging it had caused the infringer to believe in good faith that the claimant had permanently accepted the infringing activity. It remains to be seen whether this view constitutes a new trend or whether the

Supreme Court's verdict solely reflects the singular fact pattern of a specific case.

Designs

In *Schmuckschatulle* (Case 4C.344/2006) the Supreme Court allowed the registration of the design of a jewellery casket. In doing so, it analysed two key issues: distinctiveness and the technical necessity of design protection.

A design is not distinctive if it differs only immaterially from existing designs known to the relevant public. The court further held that the doctrine of technical necessity applies only if:

- there are no design alternatives;
- there are alternatives, but each design has its own advantages; or
- the available design alternatives require a more complicated or more expensive method of manufacturing.

The court argued that a variety of designs allow the stacking of such caskets and that the shape was not dictated by technical necessity.

Copyright

Legislation

Recently Parliament adopted revisions to the Copyright Act. The new law (at the time of writing, the term for the referendum is pending) will introduce protection for literary and artistic works and performances, as well as ratifying the World Intellectual Property Organisation (WIPO) Internet Treaties to handle the challenges posed by digital technology. The main issues tackled by the revisions are:

- effective legal remedies against the circumvention of technological measures;
- the recognition of moral rights of performers;
- on-demand rights for parties protected under the related rights provisions; and
- retention of existing and implementation of new exceptions (eg, the personal use exception).

Case law

In January 2006 the Federal Arbitration Commission on the exploitation of copyrights ruled that the Copyright Act provides a blank recording media levy not only for analogue data storage media, but also for digital data storage media. The Supreme Court confirmed this decision (Case 2A.53/200), but clarified that the blank recording media levy cannot be claimed for other digital

data storage media such as hard disks in personal computers, since these were not primarily designed to store copyright-protected works.

In *Enter the Matrix* (BGE 133 III 273) the Supreme Court confirmed the international exhaustion of copyrights (see *Nintendo*, BGE 124 III 321, 1998) and went on to clarify that the exemption provision introduced in 2004 regarding the national exploitation of audiovisual works prohibiting parallel importation of videos and DVDs during the first run of a new film in cinemas applies only to films and not to computer and video games.

Unfair competition and ambush marketing

Legislation

No ambush marketing legislation

Mindful of the upcoming Union of European Football Associations (UEFA) Euro 2008 tournament, which will be jointly hosted by Switzerland and Austria, in May 2006 the Swiss government introduced draft legislation to regulate ambush marketing.

The proposed regulation was widely criticised as the existing legal tools (eg, trademark law and unfair competition law) should be sufficient. Accordingly, the Swiss government did not pursue the proposed legislation. Organisers and sponsors of major events can still rely on trademarks and the instruments provided by the Unfair Competition Act. UEFA has registered several trademarks for various goods and services with the Swiss Trademarks Register, including EURO 2008, EM 2008 and AUSTRIA/SWITZERLAND 2008. However, the registrations are not necessarily binding if there is litigation as the civil courts may still invalidate them.

Spamming clause introduced

On April 1 2007 a comprehensive provision prohibiting spamming was introduced. The provision aims to better protect consumers from unsolicited mailings. A mailing is unlawful if:

- no prior consent has been given by the customer;
- there is no accurate information about the sender in the mailing; and
- it does not contain information as to how the customer can opt out easily and free of charge.

Case law

Trade dress

In *Maltesers* (Case 4P.222/2006/len) the Supreme Court upheld a decision of the Aargau Commercial Court to grant a provisional injunction enjoining the defendant from selling chocolate products under the trademark

NESTLE KIT KAT POP CHOC. Although different brand names appeared on the packaging of the two products, the court held that the intended distribution of the defendant's Kit Kat Pop Choc products created an indirect risk of confusion pursuant to the Unfair Competition Act. The court stated that the trade dress of Maltesers (ie, the red background colour, the overall design colour and the floating, seemingly random arrangement of the chocolate balls) had acquired secondary meaning in Switzerland. Although obtaining trademark protection in Switzerland for trade dress can be difficult, the unfair competition law may be a valuable tool to obtain protection in certain cases.

Online issues

Jurisdiction

In *La Suisse* (4C.341/2005) an individual had registered the domain names 'swiss-life.ch' and 'la-suisse.com'. Subsequently, a Swiss insurance company that owned the trademarks SWISS LIFE and LA SUISSE sued in Switzerland for trademark infringement. The Supreme Court was asked to decide whether the Swiss courts were competent to decide the case. The court concluded that the Swiss courts had jurisdiction since the domains incorporating the names 'Suisse' and 'Swiss' respectively established that the websites were aimed at Switzerland, even though one domain concerned a '.com' top-level domain.

Domain dispute resolution

As an alternative to relatively expensive court proceedings, dispute resolution proceedings relating to '.ch' domain names may be initiated with the WIPO Arbitration and Mediation Centre. Unlike in similar proceedings for '.com' domain names, no bad faith is required. In short, the request is granted if the registration or use of the domain name constitutes a clear infringement of a right in a distinctive sign which the claimant owns under the law of Switzerland or Liechtenstein. The fee for this proceeding is Sfr2,600 for up to five domain names.

In this context, the WIPO Arbitration and Mediation Centre issued an interesting decision in May 2006 (DCH2006-0003). An individual had registered the domain names 'schweiz.ch', 'suisse.ch' and 'svizzera.ch' (all translations of the word 'Switzerland'). The WIPO panellist agreed with the Swiss confederation that it held the rights to the word 'Switzerland' and its translations. The case was brought before the Zurich Commercial Court; however, after initiating proceedings the parties reached an out-of-court settlement, according to which Switzerland bought the domain names from the individual.

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