

NATIONAL REPORT – QUESTION B

“To what extent can intellectual property rights (trademarks, patents, designs, copyrights, designations of origin) limit comparative advertising?”

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1. Legal framework for the applicable rules on comparative advertising*1.1 Does your legal system provide for specific rules applicable to comparative advertising?*

Yes. Art. 3, lit. e, Unfair Competition Law, according to which acts in an unfair manner the person who compares in an inexact, false, unnecessarily offensive or parasitic manner its person, its products, its works, its services or its prizes with those of a competitor or which, with such comparison, advantages third parties as compared to the competitor.

1.2 If so, in which regime are these provisions placed (e.g. Unfair Competition Law, Intellectual Property Law, Consumer Law, Advertising Law, Media Law, General Private Law protecting privacy, other)?

The rule is to be found in the Swiss Unfair Competition Law.

1.3 What is the relation between the provisions on comparative advertising and the provisions on the protection of identifying signs, Trade Mark Law, in particular?

The provisions on comparative advertising and the provisions on the protection of identifying signs are cumulatively applicable. The Unfair Competition Law and the Trademark Law have different goals of protection, the first one tending to protect public interests, whereas the second aims at protecting private interests (*sic!* 1999, p. 451).

1.4 Are the provisions on comparative advertising very specific as to the requirements of legal comparative advertising?

Not really. Requirements have been precised in case-law, and in codes of conduct.

1.5 Is the specific legal framework of comparative advertising enshrined in acts of positive legislation or judge made law?

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The legal framework is enshrined in both acts of positive legislation (Unfair Competition Law) and judge made law.

1.6 *Is the general approach of the rules governed by the interest of protecting competitors (“the competitor is entitled to not have people talking about him”) with exceptions for legal comparative advertising or to the contrary governed by a primacy of free commercial speech limited for illegal comparative advertising?*

The general approach in Switzerland is a mix of both aforementioned approaches, with a tendency to protect the primacy of free commercial speech. Everyone is entitled to use comparative advertising as long as he or she stays within the limits set by art. 3, lit. e, Unfair Competition Law and other restrictions such as art. 13, § 2, lit. e, Trademark Law. Generally speaking, the approach in Switzerland is driven by the fact that comparative advertising is considered as favoring transparency of markets, serves the information of the public and furnishes to consumers the possibility of making the most advantageous choice for them, as long as general principals of commercial loyalty are respected (Federal Tribunal, Decision 4C.375/2002 of 2 May, 2003).

1.7 *Is the scope of the specific provisions on comparative advertising limited to archetypical forms of comparative advertising (as described in the introduction) or does it also cover*

(a) *Comparative product tests and publications by consumer associations or media?*

Yes. comparative product tests and publications by consumer associations or media are also covered. (Federal Tribunal, Decision 104 II 124 and *sic!* 2007, p. 218). As regards tests, special directives have been issued by the Swiss Commission for Loyalty in Commercial Communication, which specify that tests have to be neutral, objective, and object of an objective communication.

(b) *Non-informative, but rather funny or playful comparisons?*

Yes. A rather funny or playful comparison also has to follow the rules of art. 3, lit. e, Unfair Competition Law. As long as the humoristic comparison is not contrary to art. 3, lit. e, Unfair Competition Law, humoristic, generally superlative comparisons are acceptable. In a decision of 5 December, 2000 (4C.439/1998), the Federal Tribunal had to analyze the slogan “Mediamarkt is 70’000 times cheaper” (free translation) and seems to be tending to accept this slogan as being fair. However, the Federal Tribunal did not pronounce itself on the issue, as the claimant had not sufficiently claimed its damage. See also Federal Tribunal Decision 4C.375/2002 of 2 May 2003.

- (c) *Comparisons without individually recognizable competitors (esp. geographical indications, assertions of superiority)?*

Comparisons which do not individually identify competitors also fall under the scope of comparative advertising. Such is in particular the case of superlative comparisons mentioned above. It may also be the case of the use of geographical indications. Older cases have mentioned that the use of deceiving, “delocalizing” information for products that do not originate from said place, falls under the Unfair Competition Law, as well as a junction of words such as “kind”, “type”, or “way” (see Dominique Junod Moser, Extract of the Swiss report presented at the 2004 LIDC congress in Budapest, sic! 6/2005, page 523 and the mentioned cases RSPI 1974 p. 142 and RSPI 1976 p. 81).

- (d) *Though excluding a risk of confusion for direct purchasers (e.g. by clear indications of commercial origin, distribution channel or price tag) suggesting to the general public that the product has been marketed by the producer of the original product (“post sale confusion”) or (c) though without creating a risk of confusion suggesting by the approximation of design that the product is a direct replacement of the original product and fit for the same purpose?*

Yes, the Swiss Federal Tribunal has recently made a move in this direction whereas, even if no risk of confusion appears from the point of view of Trademark Law, the exploitation of the reputation of a third party or a parasite act may transgress the principal of interdiction of behaving in a fallacious or misleading way, in particular when the more recent sign clearly suggests that it is a substitution product or a product which is as good as the one marketed by the producer of the original product (IWC/WMC, Federal Tribunal Decision of 8 February, 2008, 4A.467/2007 and 4A.469/2007. See also sic! 1999, p. 452 and art. 3, lit. d, Unfair Competition Law).

- (e) *Comparisons outside a competitive relationship?*

Yes, comparisons outside a competitive relationship are also covered, as the application of the Unfair Competition Law does not require that parties find themselves in a direct competitive relationship. This is in particular reflected in the regulations and decisions relating to providers of comparative tests, which are not in such a relationship with the companies of which they compare the products or services.

1.8 General remarks or relevant aspects not mirrored in the questions

2. Conditions for lawful comparative advertising in relation with IP rights

No matter how far the scope of the provisions relating to comparative advertising is extended, there will always be a requirement that another participant in the market (though not necessarily a direct competitor) be identifiable. So it is almost inevitable that comparative advertising makes use of identifiers of that market participant. Such identifiers may relate to the identity of this market participant (e.g. the firm) or this market participant's products (mostly trademarks). In the line of cases described above 1.7 (d) design protection will be an issue, in the line of cases described above 1.7 (c) the protection of geographical indications. Finally, depending on the scope of Copyright Law, the identifiers used on comparative advertising or the imitated design itself might be copyrighted works.

Depending on the scope of application of the provisions relating to comparative advertising and the various IP rights at issue there will be an overlap between the rules of IP Law and the provisions relating to comparative advertising. The following questions try to assess the scope of application of such IP rights and their relation to the provisions governing comparative advertising in a bi-directional manner.

2.1 Which IP rights protecting identifying signs besides trade marks may collide with the provisions on comparative advertising in your legal system?

Possibly designs, geographical indications, and copyright.

2.2 As for the rules protecting identifiers, esp. Trade Mark Law.

- (a) *Does your Trade Mark Law require for infringement that the protected trade mark be used in a particular manner, in particular as indicator of commercial origin, in other words does trade mark protection require the use of the protected sign "as a trade mark"? If not, are there any other specific requirements for an infringing use?*

Swiss Trademark Law requires for infringement that the protected trademark be used "as a trademark". However, this notion has evolved over time. Historically, use "as a trademark" meant use as an identification sign on the product itself. The present law, valid already since 1993, however also considers as "use" of a trademark its use on business papers, for advertising purposes or in any other manner in business (art. 13, § 2, lit. e, Trademark Law).

- (b) *If the use of an identifying sign in comparative advertising is covered by Trade Mark Law or specific rules protecting firms, liability under Trade Mark Law or specific rules protecting firms may be excluded with the lack of a risk of confusion. Problems arise, however, where identical trade marks are used for identical products, which is*

very likely in the case of word marks. Is such use always considered an infringement or can the assumption of a risk of confusion be rebutted, if another owner's trade mark is obviously used to identify this owner's products?

This issue needs to be examined on a case by case basis. The use of a trademark belonging to a third party is admissible in the limits of the Trademark Law (art. 13, § 2, lit. e) and of the Unfair Competition Law (art. 3, lit. d), as long as a false impression is not created that there is a particular relationship between the company advertising with a specific trademark and the owner of the latter (VW/AUDI-Spezialist, decision of the Federal Tribunal of 13 January, 2002, 4C.142/2001). In the case in which an identical trademark was to be used for identical products or services whereas in the eyes of the public, the impression would arise that the two companies, their products or their services are related, such a risk of confusion would be deemed to have occurred and it is to be expected that such a behavior would be considered as an infringement of a trademark under art. 13, § 2, lit. e of the Swiss Trademark Law. The risk of confusion however has to be evaluated in view of the particular case, taking into consideration all circumstances which are relevant for the average careful buyer. The risk of confusion is bigger when the products on which the trademark is used are closer. Besides, the fact that the older trademark is famous and has imposed itself in trade justifies restrictions of use by competitors (IWC/WMC, Federal Tribunal decision of 8 February, 2008, 4A.467/2007 and 4A.469/2007).

- (c) *If not, is there an exemption for the indicating use of the protected sign and is comparative advertising an accepted case of such indicating use? If so, is it required that the comparative advertising be legal under the requirements for comparative advertising?*

See above, (b).

- (d) *Does legal comparative advertising provide for a justification for a trade mark infringement?*

Yes, as long as conditions are fulfilled. See also above, (b).

- (e) *Does your legal system contain specific provisions governing the relationship of Trade Mark Law and the rules on comparative advertising?*

No. Art. 3, lit. e, Unfair Competition Law only prohibits to draw unnecessary connections to a competitor, in other words, to lean too much on ones competitor, e.g. by using identifying signs and trademarks of the rival company and thus creating confusion in the eyes of the consumer or the competitor. This can be seen merely as an indirect reference to the Trademark Law.

- (f) *Does your legal system contain provisions limiting legal comparative advertising to a principle of indispensability with regard to the use of the compared party's IP rights?*

No.

2.3 *As for the rules protecting design, esp. Design Law, Unfair Competition Law:*

- (a) *In what manner is creative design (not entailing works of art or technical inventions) protected in your legal system?*

Creative design is protected by the Swiss Design Law. Are protected as designs the creation of products or parts of products which are characterized in particular by the disposition of lines, surfaces or colours, or by the material used (art. 1, Design Law). A design may be protected if it is new and original. A design is not *new* if an identical design, which could have been known by the specialized circles of the concerned sector in Switzerland, has been disclosed to the public before the date of filing or of priority. A design is not considered *original* if, by the general impression it provides, it may be distinguished from a design which could be known from the specialized circles of the concerned sector in Switzerland only by minor characteristics (art. 2, Design Law).

The protection of a design extends to designs which present the same essential characteristics and which, thereby, provide the same general impression than the one provided by the registered design (art. 8, Design Law). In conformity with effects provided by a trademark, a design right gives to its owner the right to prevent third parties from using the design industrially, i.e. in particular for the fabrication, stockpiling, offering, putting in circulation, importation, exportation, transit and possession for such purposes (art. 9, § 1, Design Law). As opposed to art. 13, § 2, lit. e of the Trademark Law, the Design Law makes no mention of preventing third parties to make use of the design in particular for advertising. However, it is suggested here that such a use of the design right by its holder may be considered as included in the general rights conferred by the design.

- (b) *Is there an overlap with the provisions relating to comparative advertising?*

No, there is no such overlap for the reason mentioned above under (a). There could however be such an overlap if one considers that the right of preventing the use of a design for advertising is included in the rights conferred by the design.

- (c) *What are the consequences of the overlap?*

Hypothetically, consequences would be the same as in the Trademark Law.

2.4 *In what manner are geographical indications protected in your legal system? Is there an overlap with the provisions relating to comparative advertising?*

We refer here to the website of the Swiss Federal Institute of Intellectual property:

“The term ‘indication of source’ is used for all direct (such as 'Bern') or indirect (such as 'the Matterhorn' or 'William Tell') references to the geographical origins of products or services, including reference to properties or qualities associated with the source. Geographical indications enjoy general sui generis protection, regardless of any registration. As such, all products, whether agricultural or not, are protected provided the conditions referred to above set out in Section 2 of the Federal Law on the Protection of Trademarks and Indications of Source from 28th August 1992 (Trademark Law; RS 232.11) are satisfied. The Trademark Law basically protects all direct or indirect references to the geographical origin of products or services against illicit usage (false or misleading geographical indications; Art. 47, paragraph 3, Trademark Law). For example, the geographical indication 'St-Gall' is protected for embroidery products, even though it is not entered in any register at the federal or cantonal level. Only when the parties concerned do not consider a geographic name or sign as a reference to the origin of the products or services is there no protection. For example, the indication 'North Pole' for ice cream is not regarded as an indication of source because it is essentially symbolic. In the same way, generic terms, such as ‘Berliner’ pastries or ‘Frankfurter’ sausages, are not regarded as indications of source and consequently are not protected under section 2 of the Trademark Law.

Examples:

The trademark Swiss Terroir (N° 505 863) for mineral water, beer and alcoholic drinks may only be registered if the products originate in Switzerland. To avoid any form of misleading use, the list of products is limited to products of Swiss origin.

The use of the term 'Swiss Style Müesli' for cereals from India is not authorized. The use of such expressions as 'style', 'type' or 'method' with an indication of source is not sufficient to avoid misleading consumers about the geographical origin of the products. In fact, such 'delocalizing' expressions tend rather to be used as a means of exploiting the reputation of a product.

A Greek company cannot market financial services by making references to Zurich in its advertising if it has no link with Switzerland.” (see <https://www.ige.ch/en/legal-info/legal-areas/geographical-indications.html>).

There can of course be an overlap in cases in which a geographical indication is registered as a trademark. In the cases where geographical indications are not registered as trademarks but are protected under the ordinance on the protection of appellations of origins and geographical indications for agricultural products (SR 910.12) protection extends even to the mere mention (*évocation*) of the denomination in the framework of a commercial use (art. 17, § 1-2, lit. a of the Ordinance). Any false or fallacious indication relating to the real origin of a product, its provenance, its method of production, its nature or substantial qualities is also forbidden (art. 17, § 3 of the Ordinance). An overlap with art. 3, lit. e, appears here. Finally, an overlap may also appear for unregistered geographical products.

(a) *Does your legal system permit to compare products protected by designations of origin, that do not benefit from the same designation of origin? If so, under which circumstances? Will a comparison of prices or quality be allowed? In which way is the reference to the competitor’s designation of origin allowed in your legal system?*

If the general conditions of comparative advertisement are respected, it seems that comparisons of products protected by designation or origin that do not benefit from the same designation or origin are allowed, including a comparison of prices or quality.

(b) *Is the solution identical when the announcer highlights its own IP Rights or designation of origin in a comparative advertising?*

There is no case-law on the matter but the answer would probably be positive.

2.5 *As for rules protecting creative works, esp. Copyright Law: Copyright Law may become critical, if either the identifiers used in a comparative advertisement are protected by a copyright or in the case of imitation marketing the imitated product is protected by a copyright.*

(a) *Under which circumstances will your legal system grant copyright protection either to identifiers or to product design?*

Multiple protection is possible in Switzerland. That means that as long as the conditions of copyright protection are fulfilled, copyright protection may be given to identifiers or to product design. Whatever its value or its destination, a work will be protected as long as it has an individual character (art. 2, Swiss Copyright Law). The

author will in particular have the right of use of the work, meaning that he has the exclusive right to decide if, when and how its work is going to be used. He also has the right to the integrity of the work, giving him the right to decide if, when and how the work can be modified and if, when and how his work can be used for the creation of a derivated (art. 11, § 1, lit. a and b, Swiss Copyright Law). Even if a third party is authorized by contract or by law to modify the work or to use it to create a derivate work, the author may oppose any alteration of the work which would harm his personality (art. 11, § 2, Swiss Copyright Law). However, the use of existing works for the creation of parodies or works of the kind are legal (art. 11, § 3, Swiss Copyright Law).

(b) *As for design protection: Is there an overlap with the provisions relating to comparative advertising?*

See above, answer under 2.3.

(c) *What are the consequences of the overlap?*

See above, answer under 2.3.

2.6 *Sanctions and enforcement: How does your legal system sanction the unlawful use of another owner's IP Right in a comparative advertising? Are there differences between the sanctions regarding the involved IP right? Do these sanctions and/or enforcement procedures differ from the sanctions and enforcement of illegal comparative advertising?*

A parallel may be drawn between sanctions that are foreseen in intellectual property laws and in the Unfair Competition Law. These may include the request for an injunction banning an imminent violation of a trademark (art. 55, § 1, lit. a, Trademark Law) or of an unfair trade practice (art. 9, § 1, lit. a, Unfair Competition Law); an injunction to stop such a behavior (art. 55, § 1, lit. b, Trademark Law, and art. 9, § 1, lit. b, Unfair Competition Law). The Unfair Competition Law also foresees the possibility for the judge to establish the illegal character of the competitors' behavior as long as the confusion remains (art. 9, § 1, lit. c, Unfair Competition Law).

Publication of the judgment may also be ordered (art. 60, Trademark Law, and art. 9, § 2, Unfair Competition Law). Of course, damages may be granted. Provisional measures may be granted on the basis of an analogical application of provisions of the Swiss Civil Code on the protection of personality rights (art. 59, Trademark Law, and art. 14, Unfair Competition Law).

For designs: see art. 33 ff. of the Design Law.

It is interesting to note that the Unfair Competition Law foresees a reversal of the burden of proof, meaning that the judge can request the announcer to prove the material correctness of facts contained in an advertising if legitimate interests of the announcer or any party to the procedure makes it necessary (art. 13a, Unfair Competition Law). Such a measure may in particular be useful in the case of use of tests.

Criminal sanctions are also foreseen.

2.7 *Self-Regulation: Do codes of conduct on this subject exist in your country?*

Yes, codes of conduct on this subject exist in Switzerland. In particular, the Swiss Commission for Loyalty in Commercial Communication, of which all major communication companies are members, has edicted rules on loyalty in commercial communication. In particular, rule 3.5. foresees that comparative advertising is considered as disloyal if it is contrary to the truth or misleading, if it uses unnecessarily hurtful assertions or if it unnecessarily makes reference to products, services or prices of a third party. Rule 3.5. then provides details on what is to be considered as non-exact, misleading, unnecessarily hurtful and imitative assertions. The same Commission has also published directives concerning tests and the way the latter have to be undertaken and published.

Complaints may be filed with the Commission, who can take decisions ordering the termination of acts of unfair commercial communication. Those decisions may be appealed.

2.8 *General remarks or relevant aspects not mirrored in the questions*

It has to be mentioned here that special provisions also apply to advertising in the pharmaceutical sector (see Ordinance on the advertising for pharmaceutical products, SR 812.212.5). This Ordinance definitely plays a role from the point of view of unfair competition. Comparisons with other pharmaceutical products are admissible only if they are scientifically correct and if they are based on studies which fulfill requirements of best practices (art. 7 and 5, § 5 of the Ordinance). The Ordinance also applies to medical devices. See also Decision of the Handelsgericht Aargau of 25 November 2004 “Knochenzement”, published in *sic!* 2005, pp. 301-305.

One should also mention here that the use of trademarks is accepted for the sale, including for advertising, of parallel imported products. See, in the case of trademarks, the series of Chanel decisions (see in particular, explicitly, the decision of the Zurich Commercial Court of 8 July 1999, in *sic!* 4/2000, p. 437) and in the case of products protected by copyright, implicitly, the Nintendo decision of the Federal Tribunal (ATF 124 III 321).

2.9 Assessment questions

- (a) *Do you consider it necessary to establish express rules relating to the requirements for the use of another owner's IP rights (i.e., design, copyright) in comparative advertising? If so, under which circumstances should the use of another owner's IP right (i.e., design, copyright) be allowed in comparative advertising?*

We do not believe it is necessary to establish express rules relating to the requirements for the use of another owner's IP rights in comparative advertising. Most cases have been examined under the point of view of Unfair Competition and Trademark Law. In the field of design or copyright, the issue was inexistent or rare until now. An application of the general principles that have been elaborated in case-law until now seems transferable to other IP rights and does not require specific legislation.

- (b) *Towards which direction do you think it would be desirable to make your national law evolve? Is the tendency rather to make use of legal comparative advertising as a justification for IP rights infringements – or should the inherent protection of IP rights modify the standards for legal comparative advertising?*

We believe the existing balance in the field of comparative advertising between the rights of the IP holder (in particular the trademark holder) and the exception of comparative advertising provides a good equilibrium between the rights of the IP holder and the interest of competition, transparency and the public to be informed. The inherent protection of IP rights should not modify the standards for legal comparative advertising. However, authorities will have to make sure that the limits of what is acceptable and what is to be considered as unacceptable parasitism, in particular as regards free riding on important marketing investments that are often made by a trademark holder, be clearly stated. An important jurisprudence in that matter is the above-mentioned decision IWC/WMC (Federal Tribunal Decision of 8 February, 2008, 4A.467/2007 and 4A.469/2007) which should set a direction for comparative advertising also in the future.

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(c) Do you consider it desirable to establish or further develop codes of conduct on this subject? On which points exactly and/or for specific goods (wines and alcohol, drugs)?

Generally applicable codes of conduct for the communication branch already exist in Switzerland and apply to all kinds of goods. If a tendency to abusive use of trademarks or the IP rights is observed in the future, it may be useful to include provisions on fair use of trademarks and/or other IP rights in comparative advertising in the existing codes of conduct.

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Bern, April 2010