Branding Switzerland

- the special relationship between GIs and TMs -

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My favourite GI
Introduction

Today’s discussion is about

• **differences** between trade mark protection and protection of GI;

• **examples** of effective branding strategies which make use of both rights.
GI protection vs. trademarks

Situation in CH

• TM protection for GI: nearly impossible

  IBEROGAST (Cl. 5)  →  Spain
  HYDE PARK (Cl. 12, 28)  →  England
  TEUTONIA (Cl. 12, 20, 25)  →  Germany
  MAUI JIM (Cl. 9, 25)  →  Hawaii
GI protection vs. trademarks

Situation in CH

- However, barely infringement cases simply based on GI

- Contradiction? If yes, why?

  ➔ Example: Swiss touristic industry
Example ZERMATT

One of the most known GI in Switzerland

Source: www.zermatt.com
Facts & Figures

Overnight stays: 2 Mio. / year
- 30% from Europe
- 8.5% from Asia
- 6% from the US

Turnover: approx. 8.4 Mio CHF

Source: www.zermatt.ch
Protection of «Zermatt»

- No trademark protection for word «ZERMATT»
  - direct indication of origin
  - belongs to the public domain (missing distinctiveness)
  - must kept free for all (local) competitors.

- But protected as GI
Scope of protection as GI

«ZERMATT» is protected against misleading use

- art. 47 Swiss Trademark Act (section 3)
- unfair competition
- (partially) foodstuff legislation

and incorrect registration

- art. 2 let. c Swiss Trademark Act (prohibition of registration of geographically misleading marks)
Registered Trademarks of «ZERMATT»

Despite the GI protection, Zermatt has registered several trademarks on «ZERMATT»:

<table>
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<th>Marks</th>
<th>Registration Number</th>
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</table>
# Registered Trademarks

## Local Monument «MATTERHORN» & Mascot

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<th>Address</th>
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<td>Zermatt Tourismus, Bahnhofplatz 5, 3920 Zermatt</td>
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<td>Zermatt Tourismus, Bahnhofplatz 5, 3920 Zermatt</td>
</tr>
</tbody>
</table>
And ZERMATT is not the only one!
TM vs. GI

• Why investing so much in trademark protection?

• Obviously, tourism organisations don’t rely on GI protection

➤ *GI protection does not cover all their needs*
Reasons

The GI is not allocated with one specific owner

Like a beautiful house

Source: http://www.architektur-studer.ch
Reasons

*with lots of inhabitants!*

Source: http://www.architektur-studer.ch
Reasons

• GI = collective brand
• Beneficiaries have no / very limited influence on who can use it (in contrast to a licensed TM)

- GI is not allocated with one specific owner
- Therewith, GI grants no real monopoly

• This is what successful marketing requires: full control, distinctiveness and uniqueness.

- GI alone cannot fulfil these requirement
Other reasons

- GI protection does not automatically lead to a registered right

  - Disadvantage for enforcement (cease and desist letters)

- Fuzzy criteria: who is under which conditions allowed to use the GI?
Other reasons

• (in general) **no quality requirements** attached to the use of a GI

  ➢ *Touristic destinations have to tolerate every use of «ZERMATT» through local businesses or individuals;*

  ➢ *Independently of the quality, the content etc.*
Interim conclusion

• Lots of GI-beneficiaries register TM

  no coincidence

• GI protection does not cover all needs of the industry (individualization, uniqueness, brand-control).

  ➢ Question: Is there thus a need to adapt the GI system?
Legislator is aware of this

- Art. 50 Swiss Trademark Law

“Where the general interests of the economy or of individual sectors so require, the Federal Council may define in greater detail the requirements under which a Swiss indication of source may be used for specific goods or services. ...”
SWISSNESS – *solution*?

Such an attempt has been made with the new Swissness legislation

«What’s the best about Switzerland?»

*I don’t know, but their flag is a HUGE PLUS!*»
**Impulse for the new law**

- (Exceptionally) good **reputation** of Swiss products
  - Considerable **economic added value** of the Swiss Origin;
  - Use of the «Swiss»-brand as advantage in the competition

- Increased **wrongful use** of the «Swiss» brand
  - *Loss of reputation* and *dilution* in the value of the «Swiss» label;
  - *complaints* of the business community, consumers.
Aim of the new law

Better protection of the brand «SWISS» through better definition of the requirements under which the Swiss indication of source may be used for specific goods or services.

- Increased transparency through clearer / handier criteria
- Easier enforcement
Criteria for *products*

- **Natural products**
  - Criteria depends on the type of product (e.g. crops = place of harvest)

- **Processed natural products**
  - 80% of the weight of the raw material available in CH;
  - Step that gives a product its unique character.

- **Industrial goods**
  - 60% of the manufacturing costs (incl. Research & Development);
  - At least one essential manufacturing step in CH.
Criteria for services

Company / Individual must have

- its headquarter/domicile in CH, *and*
- an actual administrative centre in CH.
Register for geographical marks

• Existing registers
  – On agricultural products and processed agricultural products (via the Federal Office for Agriculture);
  – And wines (competence of the cantons).

• New (federal) register
  – For all (incl. non-agricultural) products.
Who can register a geographical mark?

• «Representative group»
  – E.g., the industry organisation "Interprofession of Gruyère" having obtained the AOC "Gruyère". The rules of use for the geographical mark must correspond exactly to the product specification of the AOC.

• However, the geographical mark grants no monopoly
  – remains freely available for all those fulfilling the conditions of use listed in the product specification.
Rights connected to the geographical mark

Holder of a geographical mark can assert his rights

• against any *use*
• that *does not conform to the product specification* of the designation of origin or the geographical indication that is protected as a trade mark.

➢ *Possibility to state specific (quality) criteria*
Interim conclusion (2)

The Swissness legislation

• Sets out clearer criteria
  ➢ More (enough?) practicable

• Foresees the possibility to register any geographical mark
  ➢ Advantage for enforcement

• TMO can sue
  ➢ More infringement actions (?)
Interim conclusion (2)

• Therewith, the “Swissness”-legislation leads GI protection closer to TM protection
  – Possibility of registration
  – Clearer criteria, who is allowed to use the “brand”
  – Swiss Federation (via TMO) takes over the role of the brand owner

• However, GI protection remains still open for a collective
Interim conclusion (3)
Overall conclusion

GI and TM have a complicated relationship

• **Theoretically**, they are exclusive
  • GI can generally not be registered as TM
  • GI protection will and shall not be an alternative to TM protection

• **Factually**, the two systems need to be used in a complementary way
  • Almost all GI beneficiaries choose additional TM protection
Overall conclusion

- GI
- TM

- full control, distinctiveness and uniqueness