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Swiss Federal Supreme Court rules in Apple's favour in landmark decision

Switzerland - Walder Wyss

- **The Federal Institute of Intellectual Property rejected Apple's application to register the mark APPLE, as it understood the word as English for a type of fruit**
- **Apple appealed the decision and the Supreme Court ruled in its favour, stating that the public understanding of a word can stray from its dictionary meaning**
- **The decision further blurs the lines between inherent and acquired distinctiveness**

In a recent judgment (**4A_503/2018**, 9 April 2019), the Swiss Federal Supreme Court had to decide whether – for goods other than foodstuffs – the Swiss public understands 'apple' to be a type of fruit or as a reference to the US tech company Apple. In its landmark decision, the Supreme Court ruled that the public understanding of words may evolve over time and, in exceptional cases, diverge from the dictionary meaning. It sided with Apple and allowed the APPLE trademark to proceed to registration for goods for which the lower instances had found it to be descriptive.

Background

In 2013 Apple filed to register the mark APPLE with the Swiss Federal Institute of Intellectual Property (IPI). The IPI held that the relevant Swiss public understood 'apple' to be the English term for a type of fruit. It therefore considered APPLE to be descriptive of the content and features of several claimed goods in Classes 14 and 28 – in particular, jewellery, watches, toys and games.

Apple appealed the decision, arguing *inter alia* that the IPI had based its assessment on a wrong understanding of the trademark in question. Given the reputation of the APPLE mark, if it is used in connection with goods other than foodstuffs, consumers will inevitably associate the mark with the company without thinking of the fruit.

However, the Federal Administrative Court rejected Apple's appeal. It held that, when assessing inherent distinctiveness, the sign in question must be evaluated abstractly as filed by the applicant, without considering the potential effects of its past use on the public's perception of it and without taking the mark's reputation into account. This is important when assessing acquired distinctiveness. However, since Apple did not assert that APPLE had acquired distinctiveness for the goods in question through use, it could not rely on the fame of its APPLE mark or on the possible influence of its trademark use on the understanding of the public. Accordingly, the court held that the IPI had correctly based its assessment on the relevant public's understanding of the APPLE mark as the English word for a type of fruit. The court thus dismissed the appeal in essence.

Decision

Apple appealed this decision to the Federal Supreme Court. The court held that the meaning of words may be subject to linguistic change. In the assessment of inherent distinctiveness, the current understanding of the relevant public is decisive. In most cases, the public's understanding coincides with the dictionary meaning (if any). However, if a word is no longer understood as its dictionary meaning by the relevant public in current language use, but rather primarily as an indication of commercial origin, this cannot go unnoticed.

In exceptional cases, it is possible that a word may no longer be connected to its dictionary meaning and is henceforth associated with a business in such a way that this business determines its meaning.

According to the court, APPLE enjoys an outstanding degree of recognition as one of the best-known marks in the world and a generally known company name. Even though the Swiss public knows that APPLE is the English term for a type of fruit, it will understand APPLE primarily as a reference to the company. In view of this linguistic change, the Swiss public will not think of the respective goods' characteristics, except for fruit. Rather, it will immediately recognise APPLE as an indication of commercial origin. For the disputed goods in Classes 14 and 28, the public will therefore understand APPLE as an indication of commercial origin, without any reference to a meaning ascertained by translation, let alone to the contents or features of the goods. Consequently, the court considered APPLE to be inherently distinctive and upheld Apple's appeal.

Comment

The Supreme Court's decision is remarkable. Although it stated in its decision that a change of meaning may be assumed in exceptional cases only, other owners of famous trademarks consisting of a term with a dictionary meaning (eg, Jaguar and Braun) may want to refer to this decision should their marks be refused because of descriptiveness for goods or services for which they have not yet been used.

APPLE is certainly one of the best-known brands in the world. However, the Supreme Court's decision allows Apple to register and monopolise the APPLE sign for almost all conceivable goods and services. It is at least questionable that a basic word such as 'apple', whose translation is clearly known to the Swiss public, could be almost entirely removed from the public domain.

The decision further blurs the lines between inherent and acquired distinctiveness. Earlier case law by the Federal Supreme Court had held that effects of past use of marks on the perception of the public must be disregarded when assessing inherent distinctiveness. By taking into account a change of meaning of 'apple', the Supreme Court does just that.

Finally, the decision gives rise to a number of questions. For instance, if Apple did not use its new APPLE mark for the claimed goods during the non-use grace period, would the trademark still become invalid, even though, according to the Supreme Court, consumers associate APPLE in connection with the goods concerned with the company? How does this new case law relate to the special protection granted by Swiss law to famous trademarks? Will APPLE or APPLE-formative marks filed by other applicants have to be refused as misleading signs, given that, in light of the Federal Supreme Court's decision, they indicate an incorrect commercial origin? It will be interesting to see how these questions will be dealt with in the future.

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TAGS

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