

Newsletter No. **23**

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**Swiss IP News** We provide you with updates on new decisions, the relevant legislative process and other trends in the fields of intellectual property and unfair competition law from a Swiss perspective.

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## Update on Trademark Dispute Regarding "Baur au Lac" and "Club Baur au Lac"

The Swiss Federal Supreme Court reversed the judgement of the Commercial Court of the Canton of Zurich and cancelled the "Club Baur au Lac" trademark.

### Background

In our [Newsletter of July 2023](#), we featured the decision of the Commercial Court of the Canton of Zurich in the dispute concerning the trademarks "Baur au Lac" and "Club Baur au Lac".

The claimant holds the "Baur au Lac" trademark. The defendant emerged from a corporate spin-off of the claimant's restaurant business. Subsequently, the defendant registered the "Club Baur au Lac" trademark. The Commercial Court denied the claimant's claim to cancel the defendant's "Club Baur au Lac" trademark. The Commercial Court argued that the rights to the (then unregistered) "Club Baur au Lac" sign had been transferred to the defendant during the spin-off. The parties had therefore agreed on a coexistence of the "Baur au Lac" and "Club Baur au Lac" signs. Any likelihood of confusion was at least implicitly accepted by the parties.

The claimant appealed the Commercial Court's decision to the Swiss Federal Supreme Court.

### Decision

In its decision of 17 July 2023 (case no. [4A\\_154/2023](#)), the Federal Supreme Court held that there was a likelihood of confusion between the trademarks "Baur au Lac" and "Club Baur au Lac". Thus, based on its earlier "Baur au Lac" trademark, the claimant was, in principle, enti-

tled to request the cancellation of the junior trademark "Club Baur au Lac" (Article 3(1)(c) and Article 52 TMA). The defendant, arguing that it was still entitled to register the "Club Baur au Lac" sign as a trademark, would have had to prove such entitlement.

The Federal Supreme Court held that it was necessary to distinguish between the use of a sign and its registration as a trademark. The use of the "Club Baur au Lac" sign was not contested in the case at hand; rather, it was the registration of the sign as a trademark that was at issue. The defendant would have had to demonstrate that it was not only contractually entitled to use but also to register the "Club Baur au Lac" sign as a trademark. Contrary to the Commercial Court's view, the Federal Supreme Court determined that the spin-off, along with the implied transfer of the rights to the (then unregistered) "Club Baur au Lac" sign, did not grant the defendant the right to register the sign as a trademark.

Furthermore, the Federal Supreme Court found that the Commercial Court had applied a wrong standard of proof. For the Commercial Court, it was apparently sufficient that an implied coexistence agreement and entitlement to register the sign as a trademark was plausible. By allowing plausibility to suffice instead of requiring strict proof, the Commercial Court applied an incorrect standard of proof.

Therefore, the Federal Supreme Court concluded that the defendant was not contractually entitled to register the "Club Baur au Lac" sign as a trademark. As a result, the claimant's request was well-founded, and the Federal Supreme Court ordered the cancellation of the "Club Baur au Lac" trademark.

### Comment

The Commercial Court's broad interpretation of the demerger documents did not hold up under the Federal Supreme Court's scrutiny. While the demerger documents may support that the defendant has the right to use the "Club Baur au Lac" sign for operating a club and restaurant business, they do not implicitly grant the right to also register the sign as a trademark, thereby creating an absolutely protected legal position.

This decision underscores the importance of explicitly addressing the use and registration of signs in transactions. By clarifying who shall be entitled to use and/or register which sign for which goods and services, or who shall refrain from doing so, the parties in this case could have saved considerable time and costs.

This is particularly important for owners of a junior trademark. Merely implied coexistence agreements may not suffice to justify the use or registration of a junior trademark. Furthermore, when challenged, owners of a junior trademark must present clear and convincing evidence to justify their rights to use and register the trademark.

Interestingly, in the meantime, the claimant in the present dispute has filed a new application for a "Club Baur au Lac" trademark. The dispute between the parties may therefore continue.

The Walder Wyss Newsletter provides comments on new developments and significant issues of Swiss law. These comments are not intended to provide legal advice. Before taking action or relying on the comments and the information given, addressees of this Newsletter should seek specific advice on the matters which concern them.

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