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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.

The Swiss Federal Supreme Court Ruled on the Required Legitimate Interest in Injunctions



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FRACTAL-SWISS AG (Claimant) sued its former licensee FRACTAL-SWISS (pma) Sàrl (Respondent) before the upper court of the canton of Nidwalden for injunctive relief. The Claimant requested that the Respondent should be prohibited from using the sign "FRACTAL" in its company name and to designate its goods and services accordingly. It also requested the transfer or cancellation of the Respondent's trademark application for "FRACTAL".

During the proceedings, the Respondent had changed its company name by omitting the sign element "FRACTAL". Consequently, the court in charge wrote off the claim in relation to the company name and did not accept the additional claims as it denied the Claimant's legitimate interest in this regard. FRACTAL-SWISS AG challenged this decision before the Swiss Federal Supreme Court.

In its decision of 7 September 2020 (decision no. 4A_297/2020), the Swiss Federal Supreme Court confirmed that an action for injunction according to Art. 55 Swiss Trademark Act presupposes a legitimate interest in the proceedings. It held that such a legitimate interest exists only in case of an imminent threat of an infringement, i.e. if the conduct of the opposite party gives rise to serious concerns about future infringements. An indication of an imminent infringement may be that similar infringements have taken place in the past and a repetition is to be expected. According to the Swiss Federal Supreme Court, this is particularly the case if the infringer denies the unlawfulness of the conduct complained of. In that case, it must be assumed that it will continue such conduct in the confidence of its lawfulness.

In the present case, the Respondent had not complied with the Claimant's requests to stop the infringing use prior to the litigation. It only changed the name of its company after the Claimant had initiated the lawsuit. Further, the Respondent adhered to the filed "FRACTAL"-trademark application. According to the Swiss Federal Supreme Court, the filing of a trademark application indicates a clear intention of a future use of such a mark which would affect the Claimant's interests. Therefore, the court held that the previous instance had wrongly denied a risk of repetition and, with this, the legitimate interest of the Claimant in the additional claims.

Lastly, the Swiss Federal Supreme Court confirmed its jurisprudence on the possibility to claim the transfer of trademark rights not only in case of a registered trademark but also in relation to pending trademark applications.

The Swiss Federal Supreme Court upheld the appeal and referred the case back to the lower instance for a new assessment.

Comment

This decision is in contrast to another recent decision of the Swiss Federal Supreme Court (decision no. 4A_11/2020 of 18 August 2020). In that decision, the court confirmed that the previous instance had legitimately denied the claimant's legitimate interest. In the run-up to the court proceedings, the respondent had made a declaration that it would not use the sign in question and refrain from using it in the future, but it had not expressly acknowledged the unlawfulness of his conduct. The Swiss Federal Supreme Court in that case held that it

did not matter that the respondent had not expressly acknowledged the unlawfulness of its conduct; it rather considered the signed undertaking on the non-use to be sufficient to exclude the claimant's legitimate interest in the proceedings.

Whether or not the required legitimate interest in bringing an action for an injunction is given depends on the individual case. The recent case law shows that the non-recognition of the unlawfulness of a conduct complained of does not automatically imply a legitimate interest in an injunction. Rather, the actual risk of an imminent infringement is decisive. Such a risk may be implied if the unlawfulness is denied – either expressly or implicitly, e.g., through the adherence to a trademark application related to the sign in dispute. In any case, a risk of an imminent infringement and, thus, a legitimate interest in an injunction, must generally be denied in cases where a declaration of non-use has been given.

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