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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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Unpronounceable Acronyms Enjoy a Limited Distinctive Character

On 3 January 2022, the Swiss Federal Supreme Court (“Court”) handed down its ruling [4A_375/2021](#), in which it addressed the distinctive character of acronyms and made such distinctive character strongly dependent on the fact whether a sequence of letters can be pronounced like a fictional word or whether it can only be spelt. Additionally, the Court reaffirmed its recent case law that domain names must keep the necessary distance from protected third-party signs in order to avoid confusion.

Background

RSP Rail Service Partner SA (“Appellant” or “RSP SA”) held that it was legally entitled to the domain “rspsa.ch” and filed conciliation proceedings against the owner of the domain (“Respondent”) with the World Intellectual Property Organization (WIPO). The WIPO expert endorsed the Appellant’s arguments and ordered the transfer of the domain “rspsa.ch”. The Respondent then appealed to the Commercial Court of Zurich, which upheld the complaint in the main points ([HG180252-O of 25 May 2021](#)). By registering the domain “rspsa.ch”, the Respondent had not infringed the Appellant’s rights in its (company) name and the Commercial Court of Zurich concluded that the Respondent had not acted unfairly in accordance with the Unfair Competition Act (UCA). RSP SA appealed this decision before the Court.

Decision

First, the Court referred to its established case law according to which, to an average user a domain name does not identify the host computer connected to the network, but rather the company product or person standing behind the concerned website. Accordingly, a domain name is considered a sign comparable to a name, a company name or a trademark and, therefore, must keep an adequate distance to protected third-party signs.

The Court primarily dealt with the potential infringement of the Appellant’s naming rights. An infringement of the right to use a name in accordance with Article 29 para. 2 of the Civil Code requires an adverse impact on the bearer of the name. Such impairment occurs if the appropriation of the name causes the risk of confusion or could create the impression of a non-existent relation between the bearer of the name and the appropriating third party. Therefore, not only the unauthorised use of the full name of a third party is considered as illegitimate appropriation but already the adoption of the main elements of such a name – provided this leads to a likelihood of confusion.

In this context, the Appellant argued that the domain name “rspsa.ch” must be divided into two parts, as the abbreviation “SA” was commonly used to indicate the legal form of a company. Furthermore, the element “RSP” in the Appellant’s name “RSP Rail Service Partner SA” appeared dominant since it was written in capital letters, was at the beginning of the name and obviously formed an acronym of the words “Rail Service Partner”. The Court rejected these claims and held that the distinctiveness of acronyms and letter sequences could vary considerably. If the alternation of vowels and consonants allowed a sequence of letters to be pronounced like a fictional word, such acronym could enjoy a relatively strong

distinctive character. However, a combination of letters that could only be spelt was less likely to be remembered and thus had a limited distinctiveness only. An exception to this applied only in relation to signs that the public has come to perceive as a distinctive sign through longstanding use (e.g. "IBM" or "BP"). It was crucial to the Court that the number of possible combinations of two or three letter combinations was considered limited. Therefore, anyone using a simple acronym in their company name must be aware of the limited distinctiveness of such acronym. Additionally, the Court confirmed its practice that an acronym had particularly little distinctiveness in case it constituted the mere sequence of the initial letters of sign components. The fact that such sequences of letters are usually placed at the beginning to a sign would not change this view.

Against this background, the Court held that, in the present case, the acronym "RSP" could only be spelt and thus lacked any phonetic originality. It concluded that such acronym had very little distinctive character and that already minor differences were enough to create sufficient distance in the overall impression. Thus, the addition of the letters "SA" and the omission of "Rail Service Partner" in the domain were considered sufficient to eliminate a likelihood of confusion even though the Court was aware of these elements' little distinctiveness. Lastly, the Court mentioned that users would generally pay special attention to a domain name because they are aware that even slight differences lead to a different website.

Due to insufficient substantiation, the Court did not examine in detail any claims based on trademark law or the law of unfair competition and dismissed the appeal

Comment

The Federal Supreme Court's decision represents a continuation of its previous case law on acronyms. In its leading

decision [BGE 122 III 369](#) (MZSG Management Zentrum St. Gallen/SMP Management Programm St. Gallen AG), the Court assumed little distinctiveness of the concerned acronyms. In its rulings [4A 123/2015](#) of 25 August 2015 (Mipa Lacke + Farben AG/MIPA Baumatec AG) and [4A 541/2018](#) of 29 January 2019 (SRC Wirtschaftsprüfungen GmbH/SRC Consulting GmbH), the Court particularly held that, for acronyms, a possible pronunciation of the sequence of letters – instead of a mere spelling – is decisive for its distinctive character. In addition, the Federal Administrative Court laid down similar theoretical principles in its recent ruling [B-1306/2021](#) of 1 February 2022 ("YT/ EYT"). Nevertheless, it attributed a normal distinctiveness to the acronym "YT" although such acronym can only be spelt instead of pronounced. However, this view of a normal instead of a rather limited distinctiveness would likely not have changed the outcome (likelihood of confusion confirmed) since the additional letter "E" in "EYT" was considered to refer to "electricity" only and thus descriptive. In any case, based on the Federal Supreme Court's case law, it must be assumed that unpronounceable letter combinations have a limited distinctive character. This does not seem to be well reflected in relevant commentaries where it is generally stated that acronyms enjoy a normal distinctive character.

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