

Newsletter No.

19

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.

walderwyss attorneys at law



By **Sylvia Anthamatten**
MLaw, LL.M., Attorney at Law
Managing Associate
Phone: +41 58 658 55 90
sylvia.anthamatten@walderwyss.com



and **Lucina Herzog**
LL.M., Attorney at Law (Bar Association
Frankfurt a.M.)
Associate
Phone: +41 58 658 56 15
lucina.herzog@walderwyss.com

Tartlets and Trademarks – Infringement Dispute Concerning Well-Known Confectionery

In a recently published judgement, the Commercial Court of Zurich prohibited the lessee of a confectionery to use the lessor's trademarks. The business is run on the premises of the former "Conditorei Schober", a Zurich institution and heritage building.

Background

The dispute concerns the family-owned Schober confectionery and two associated trademarks, "Schober" and "Conditorei Schober". Both the premises and the trademarks belong to the Schober heirs, who acted as plaintiffs in the dispute. The plaintiffs have discontinued the family business of the original confectionery for some time and have since leased it to various lessees. Until 2019, the confectionery was run under the name "Conditorei Schober". Subsequently, it was taken over by the defendant who is authorised and bound by contract with the plaintiffs to run a confectionery business in the original premises.

A dispute arose between the parties as to whether the defendant was entitled to use the "Schober" trademarks in connection with its business. It was prompted by the fact that the defendant operated the confectionery under the name "1842 Conditorei Schober" and used "Schober" as part of a logo, which was featured, among other things, on the website, menu, confectionery products, packaging, postcards and matchboxes. Prior to the dispute, the parties were engaged in negotiations for a separate licence agreement on the trademark use but ultimately could not agree on essential terms.

Judgement

In its judgment of 6 October 2021 ([HG190217-0](#)), the Court, in a first step, examined the underlying contractual arrangement between the parties. It concluded that the contract had more elements of a usufructuary lease agreement (*Pachtvertrag*) than a rental agreement (*Mietvertrag*). The Court based this, among other things, on the fact that the rent owed partly depended on the turnover of the confectionery. It was also relevant that the defendant was provided with much of the plaintiffs' original furniture for use in all rooms visited by customers. According to the Court, the furniture made up a significant part of the confectionery's appeal to customers.

The Court, nonetheless, denied that the defendant was entitled to use the plaintiffs' trademarks. When entering into the lease agreement, both parties had assumed and intended for the defendant to continue the business under the established "Schober" trademarks. The parties explicitly stated in the lease agreement that a separate licence agreement would still have to be concluded. From this, the Court inferred that, at that point in time, the parties assumed that a licence agreement had not yet been concluded and thus the defendant had no right to use the plain-

tiffs' "Schober" trademarks without such license agreement.

According to the Court, the defendant was not granted a right to use the "Schober" trademarks after the lease agreement had been concluded, either. For instance, that the premises were handed over with unchanged lettering including the "Schober" signs on the exterior and on the doors and windows, and that these have not been removed to this day, did not entitle the defendant to use the "Schober" trademark for their business. On the contrary, the defendant repeatedly requested the preparation of a licence agreement and that corresponding drafts were exchanged and discussed. From this, the Court concluded that even the defendant did not assume that it was entitled to use the trademarks.

Consequently, the Court confirmed a trademark infringement by the defendant. It emphasized that the likelihood of confusion was not only caused by the way the defendant used the "Schober" sign as part of its business name and logo but to a significant extent by the location of the business in the premises of the former "Schober" confectionery and the corresponding lettering on the exterior facade, the blinds, doors, etc. Customers interested in the "Schober" confectionery would likely expect the original confectionery when visiting the defendant's business in the same building with the original lettering. The likelihood of confusion was considered evident by the Court with regard to the very well-known, if not famous, former confectionery, which consequently must also apply to the plaintiffs' trademarks.

As for the lettering on the doors, blinds etc., the defendant was not to blame since it was already affixed to the building when it was handed over to the defendant to run the confectionary business. The Court, however, held that the likelihood of confusion was assessed solely on the basis of objective criteria.

Whether there was a subjective intention to cause confusion is irrelevant in trademark law. Accordingly, the Court affirmed the trademark infringement but rejected the plaintiffs' additional claim for reimbursement of costs for removal of the lettering. Whether the plaintiffs were also entitled to prohibit the defendant's use under unfair competition law was left open.

Comment

It cannot be denied that the plaintiffs adopted a certain contradictory behaviour after leasing an inscribed property but refusing the necessary trademark licence and even claiming trademark infringement. However, the actual qualification of the contract seems to be of secondary importance in this particular set-up, especially since a usufructuary lease relationship does not necessarily include a trademark licence.

Rather, the question of interest in this particular case is whether the agreed contractual use of the leased property (i.e. the use of the premises as a confectionery business) would not have necessarily presupposed the granting of a trademark licence – implying that a valid usufructuary lease implicitly included such a licence even though an agreement on certain modalities was reserved. The possibility of an economically sensible, contractual use of the leased property with the attached "Schober" lettering (which may not be changed due to monument protection) without a trademark licence remains questionable. Moreover, it is precisely a usufructuary lease that presupposes the handing over of a usable object in a condition suitable for the presumed use. In any case, the assumption of an implicit licence would have had to be limited to the core area of the confectionery business.

This being said, the judgement shows that rights to use trademarks need to be explicitly regulated in a (usufructuary)

lease, at least to the extent relevant to the lessee and the contractual use of the leased object.

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.

© Walder Wyss Ltd., Zurich, 2023