

A descriptive mark is distinctive in a situation of monopoly (or almost !)

Kluwer Trademark Blog

June 12, 2017

Jérôme Pernet (Tradamarca)

Please refer to this post as: Jérôme Pernet, 'A descriptive mark is distinctive in a situation of monopoly (or almost !)', Kluwer Trademark Blog, June 12 2017, <http://trademarkblog.kluweriplaw.com/2017/06/12/descriptive-mark-distinctive-situation-monopoly-almost/>

The Swiss Federal Administrative Court overturned a decision of the Swiss Trademark Office and allowed the word marks “SCHWEIZER SALINEN”, “SALINE SVIZZERE”, “SALINES SUISSES”, “SWISS SALINES”, “SWISS SALT WORKS” on the ground that these were distinctive by virtue of the monopoly that the Applicant enjoys on the Swiss salt market.

Schweizer Salinen AG’s five Swiss marks “SCHWEIZER SALINEN”, “SALINE SVIZZERE”, “SALINES SUISSES”, “SWISS SALINES”, “SWISS SALT WORKS”, all having the same meaning as “swiss salt works”, covering Classes 1, 3, 5, 30, 31 and 35 were refused to registration in 2012 for all classes, except Class 35.

The marks were originally filed by Schweizer Rheinsalinen AG and refused by the Swiss Trademark Office (IPI) because they were found to be descriptive of the origin of the goods and to belong to the public domain.

Schweizer Rheinsalinen AG argued that a concordat between the various Swiss counties (“cantons”) established a monopoly on the salt market. At the time of the filing, there were only two companies dealing with the salt market, i.e. Schweizer Rheinsalinen AG and Saline de Bex SA (both companies merged in June 2014 to become Schweizer Salinen AG).

IPI allowed all five marks to registration in Class 35 only (retail services), but

maintained its position concerning the restriction to a Swiss origin of the goods and the public domain objection in relation to the classes of goods. IPI argued that at the time of filing, the salt market was led by two companies, hence it wasn't a situation of monopoly. In 2015 Schweizer Rheinsalinen AG, now Schweizer Salinen AG, filed an appeal with the Federal Administrative Court arguing that the goods could be accepted with a limitation to "all aforementioned goods of Swiss origin" and maintained their arguments concerning the monopoly of the salt market in Switzerland.

Furthermore, Schweizer Salinen AG submitted within their rejoinder a subsidiary petition for acceptance of a postponement of the filing date to the date of issuance of the decision by the Court (i.e. in any case after the merger of the two companies Schweizer Rheinsalinen AG and Saline de Bex SA).

The Court refused the subsidiary petition which was found to be inadmissible, because it was not submitted together with the appeal writ. But the Court completely refuted the IPI's position concerning the public domain nature of the marks, by arguing that some Trademarks can be used in a descriptive manner but still have a distinctive character. The proprietor is legitimated to claim exclusive rights on the mark when it *de facto* or *ex lege* enjoys an exclusivity on the object/activity designated by the mark (such as with a monopoly). The Court already had decided so with the marks "Swiss Army" for army tasks performed by the Swiss Army (Decision B-3553/2007 of 26 August 2008) or "Royal Bank of Scotland" (Decision B-7426/2006 of 30 September 2008).

The Court further argued that the Swiss salt market has a long history and that the salt distribution is legally controlled by the State. The five signs in question will be considered as unique and original identifiers for the Applicant. The Court took into consideration that there was a merger, but that before the merger, the (initial) Applicant held the largest part of the monopoly on the salt market (but not all of it...). The merger then only reinforced the marks.

Schweizer Salinen AG went on to argue that the creation of a third party dealing with the salt market would be impossible, since a monopoly exists through the concordat of the Swiss counties. There was therefore no need to keep the marks free for use by other market players.

Based on all the arguments, the Court overturned the IPI's decision and accepted

all five marks to registration, confirming that there is room for the principle of uniqueness in the assessment of distinctiveness in Switzerland, as soon as there is any kind of monopoly. The sign is distinctive and will function as a trademark if it can – by definition – only identify one commercial origin of the goods.

Swiss Federal Administrative Court, Decision B-6082/2015 of 30 January 2017 (final).