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Pimp my Rolex…

Peter Schramm (MLL Meyerlustenberger Lachenal Froriep AG) · Friday, March 8th, 2024

The Swiss Federal Supreme Court decided that the customisation of branded items on behalf of the watch-owner does not violate trademark law

In its Judgement of 19 January 2024, the Swiss Federal Supreme Court followed German case law in the area of the customisation of branded products on request of the product's owner and held that the customisation of branded products at the request of the owner does not violate the rules of the Trademark Protection Act (TmPA) or Unfair Competition Act (UCA). This decision is highly relevant, as this is the first time the Federal Supreme Court has dealt with this issue (click here for the Judgement of 19 January 2024).

Rolex successfully brought action before the Geneva Cour de Justice against a supplier who customised Rolex watches to meet specific customer requirements, with the modified watches still bearing the Rolex trademark. The Geneva Cour de Justice took the view that the supplier could not invoke the principle of exhaustion under trademark law. The Federal Supreme Court overturned the cantonal judgement and referred the case back to the Cour de Justice for reassessment.

In relation to the customisation services, the Swiss Federal Supreme Court states that it is crucial to distinguish whether the customisation is carried out at the request of the owner of the watch or whether the company acquires branded watches on its own initiative, personalises them and then puts them back on the market. It is irrelevant whether the brand in question is a famous one in the sense of Art. 15 TmPA.

If the customisation is carried out at the owner's request, it is for private purposes – albeit for a fee – as the product is returned to the owner. The product is therefore not placed on the market again, which means that the principle of exhaustion applies and there is no infringement of any trademark right. For this reason, there is also no violation of the UCA, as there is no remarketing. This changes if the products is lawfully acquired by the retailer but is "put back on the market" after customisation. As a result, the trademark is used commercially and there is an infringement of the TPmA.

The question was also whether the way in which the customisation was offered and advertised by the company violated the provisions of the TPmA and the UCA. However, the Swiss Federal Supreme Court was unable to make a final judgement on this question due to the lack of a complete establishment of the facts by the first instance. The judgement was referred back to the Geneva Cour de Justice for a new decision on this specific question.

This judgement is of great relevance, especially as customisation services are currently booming in all branded products, such as shoes, watches, or clothes. In this judgement the Swiss Federal Supreme Court also reminded of the fundamental principles of trademark law and the relationship between the laws on the protection of intellectual property and the Unfair Competition Act.

** The defendant was represented by the law firm of the authors of this post.*

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