

Switzerland

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1. Enforcement and jurisdiction

1.1 Overview

As a general rule, the unauthorised online use of a registered trade mark as an indication of source qualifies as trade mark infringement in Switzerland. However, there are no specific provisions referring to online use and so it is necessary to rely upon general principles and remedies.

Swiss trade mark rights are, in principle, obtained by registration. Trade marks having effect in the territory of Switzerland must either be registered with the Swiss Federal Institute of Intellectual Property (the Swiss Intellectual Property Office) or – for International Registrations with extension of their protection for Switzerland – at the World Intellectual Property Organization (WIPO). The only exceptions to this rule are well-known marks in the sense of article 6 *bis* of the Paris Convention, which are recognised as “older [trade mark] rights” by article 3(2)(b) of the Swiss Trade Mark Protection Act 1992 (SR 232.11) (the 1992 Act) and have the same effect as a registered Swiss trade mark. To invoke the protection as a well-known mark, however, it is insufficient merely to show that a foreign mark is known or used in Switzerland. Rather, it must be shown that the sign is well-known among the relevant public, and a number of cases have made clear that this is no easy undertaking (see, for example, DFT 4A_371/2010 of 29 October 2010 – *Gucci G*).

A trade mark right confers on its proprietor the exclusive right to use the trade mark to identify the goods or services for which it is claimed (article 13(1) of the 1992 Act). It enables the owner to file oppositions against the registration of younger marks, bring actions in the courts and request assistance that is provided by the Swiss Customs Administration.

Generally speaking, a trade mark owner is entitled to prevent others from using an identical or confusingly similar mark for goods and/or services that are identical or similar to the ones claimed if such use creates a likelihood of confusion, for example by:

- affixing it to goods or their packaging;
- offering goods, putting them on the market, or stocking them for such purposes under the trade mark;
- offering or providing services under the trade mark;
- importing, exporting and transiting goods (even if for private purposes); or
- using the trade mark on business papers, in advertising or otherwise.

Consequently, it is obvious that the internet is a perfect playground for not only legal but also illegal and unauthorised use of a trade mark.

1.2 Remedies

Swiss law offers a variety of civil, criminal and administrative actions against trade mark infringers and certain third parties who contribute to trade mark infringement (for discussion of the liability of intermediaries in particular, see 4 below).

Civil remedies include injunctions (preliminary or final), declaratory judgments, orders for transfer of trade marks, orders to disclose the origin and quantity of objects in the defendant's possession that bear an infringing mark, orders to disclose addressees and the extent of any sales or other disposals to commercial entities, orders for rendering of accounts, damages, redress or surrender of profits, publication of judgments and orders for the destruction of infringing goods and their removal from the market.

Criminal sanctions based on trade mark infringement require a formal criminal complaint by the holder of the allegedly infringed trade mark. Furthermore, only intentional acts of trade mark infringements are criminal. Penalties for criminal acts are imprisonment for up to one year and/or a fine. For trade mark infringement on a commercial scale, a formal complaint by the trade mark holder is, strictly speaking, not required and penalties are increased to up to five years' imprisonment (together with a fine). Fines are based on the daily disposable income of the offender up to CHF3,000 per day and for up to 360 days. In practice, first time offenders never actually serve prison sentences for trade mark infringement.

Administrative seizures may be ordered by the Swiss Customs Administration *ex officio* or on request by the trade mark holder. In the context of the internet, they are mainly relevant with regard to the temporary seizure of imported physical goods ordered online. If an administrative seizure is executed pursuant to a request by a trade mark holder, the latter is obliged to sequester the seizure by filing an interim measure within a maximum of 20 days. In practice, the consent of the importer of the infringing goods is sought and often obtained. While custom seizures in Switzerland are more effective than in many EU Member States, only a small fraction of all parcels entering Switzerland are actually inspected.

For domain names under the Swiss country top-level domain '.ch' it is possible to initiate proceedings before the WIPO Arbitration and Mediation Centre under the SWITCH Rules of Procedure for Dispute Resolution Proceedings for .ch and .li Domain Names. To succeed, the trade mark owner must establish an infringement of Swiss trade mark law and/or any other right, including the infringement of names or company names or unfair commercial practices under the Unfair Competition Act. The fees are CHF600 for the mandatory conciliation attempt (conducted by telephone) and CHF2,000 for an expert decision. SWITCH proceedings usually take between two and three months. With regard to the new Swiss top-level domain '.swiss', which has recently become available for legal entities with a special connection to Switzerland, it remains unclear how the holder of older trade mark rights would have to proceed against an infringing registration. However, given that the allocation proceeding is regulated by the Federal Office of Communications, '.swiss' domain disputes are expected to be somewhat rare.

1.3 Main defences to alleged trade mark infringements

(a) *Exhaustion*

There is no express provision in Swiss law that stipulates the principle of exhaustion of trade mark rights. However, doctrine and jurisprudence apply to trade marks the principle of international exhaustion. In other words, Swiss trade mark rights are exhausted if the goods in question have been put on the market with the consent of the trade mark owner anywhere in the world, unlike the (regional) exhaustion required in the EU.

If the trade mark owner, or any third party authorised by it, has put on the market products bearing the trade mark, it is – to the extent of these concrete products – no longer able to enjoin any further sale, processing, use and circulation, including advertisement for the sale of these goods. Exhaustion only occurs where the owner definitively agrees to give up its property rights in the goods, ie, to release them for sale or final use by a third party. In principle, exhaustion only extends to unaltered goods, although the removal of serial numbers that would allow the tracing of the goods is generally considered permissible. The limits of the exhaustion doctrine in Switzerland have not been thoroughly explored, as there are very few cases dealing with it.

(b) *Private use*

As a general rule, the exclusive right of the trade mark owner to use its trade mark is limited to use in commerce. An exception to this principle was, however, introduced in 2008 in order better to protect trade mark owners against capillary imports (ie, the importation of infringing goods in small quantities for private use). Article 13(2) *bis* of the 1992 Act expressly grants the trade mark owner the right to assert its trade mark even if the import, export or transit of commercially manufactured goods is carried out for private purposes. Even under the new legislation, however, the law does not impose any criminal sanctions against an unauthorised private import.

(c) *Non-use following expiry of the grace period and/or non-use*

Under article 11(1) of the 1992 Act, a registered trade mark is protected if it is used in connection with the goods or services for which it is claimed. If the owner of the mark has not used it in commerce for an uninterrupted period of five years following the expiry of the opposition period and with no opposition having been filed or upon conclusion of opposition proceedings, it may no longer assert its right in the mark unless there are justifiable reasons for non-use. The trade mark must be used substantially in the form in which it was registered, and the use must be genuine. If the trade mark is only used for some of the goods and services for which it was registered, protection is limited to those goods and services for which the mark is actually used. Use of a mark for specific products that fall within a broader class is generally not sufficient to maintain protection for the entire class, but only for the specific goods (see, for example, Federal Administrative Court decision B-7487/2010 of 28 June 2011 – *sparco (fig.)/SPARQ*).

In recent years, the courts have increasingly adopted a strict approach with regard to the evidence that must be filed to prove genuine use (see, for example,

Federal Administrative Court decision B-3294/2013 of 1 April 2014 – *Koala's march*). Since affidavits do not have any special probative value in Switzerland, proving genuine use can be a time-consuming and costly exercise. Use of a trade mark on a website is only sufficient if it can be shown that deliveries within the territory of Switzerland took place; mere accessibility of the website from Switzerland is insufficient to maintain trade mark rights.

Figure 1: The logo below (in red) was considered “substantially the same” as the registered word mark ‘WHEELS’



If use is initiated (or reinstated) after the five-year period, the trade mark right is revived with its original priority, unless someone has claimed non-use (article 12 of the 1992 Act). The third party claiming non-use obtains a right to concurrent use of the mark. A cancellation of the mark for non-use is only possible by order of a competent civil court. Since civil proceedings are relatively expensive, it is planned to introduce an administrative cancellation proceeding, with the pertinent legislation presumably coming into force on 1 January 2017.

Figure 2: The registered logo (left) is not “substantially the same” as the logo on the right



(d) *The prior user right/defence*

Under article 14 of the 1992 Act, the owner of a registered trade mark cannot prohibit another person from continuing to use a sign to the extent that it has been

used prior to the filing date of the mark. The earlier use must be genuine, but can be merely local and may involve sales without advertising. If the conditions for continued use are met, the sign may continue to be used within the extent of the previous use with regard to subject-matter and territory. The right to continued use can be assigned or sold along with the business itself.

(e) ***Descriptive (non-trade mark) use of the mark***

Swiss trade mark law does not expressly provide for a defence of descriptive use. Under article 13(1) of the 1992 Act, however, the trade mark only confers the right for exclusive use of the mark for the identification of the goods or services claimed. Case law and doctrine hold that use that does not identify the products in question, such as decorative use; descriptive references to registered trade marks, informational use, use in the media and use in works of reference do not fall within the exclusive rights of the trade mark owner. Descriptive references to third party marks are also allowed for comparative advertising and the description of goods and services if an objective link exists between the goods and services offered and the registered trade mark, eg, in a hypertext link or sign leading to an independent provider of genuine goods and services. Claims that goods are compatible with a trade marked product of a third party are permissible, provided that the third party's trade mark is not used more prominently than necessary to convey the compatibility.

(f) ***Parody***

Switzerland does not recognise any explicit parody defence in its trade mark law, neither under the 1992 Act nor under the Unfair Competition Act. It is generally accepted, however, that private law has to be interpreted taking into account constitutional rights such as freedom of expression. While such cases are rarely litigated, in the one case of which the authors are aware that led to a court decision, it was held that the use of 'Davideath' to criticise Davidoff's sponsorship of a sport event was neither trade mark infringement nor unfair competition (Civil Court, Basle City, decision of 13 November 2009 – sic! 2010, p 375). Factually, it was important that the parody specifically criticised the sponsoring of a sports tournament by a cigar manufacturer, and did not single out one brand owner to criticise the practice of an entire industry, which was generally considered impermissible.

Figure 3: Davidoff Swiss Indoors logo (left) and Davideath spoof (right)



1.4 Unfair competition/passing off

Unfair competition and passing off are governed by the Unfair Competition Act 1986 as amended (SR 241) (the 1986 Act). As the aim of the 1986 Act is to guarantee fair and undistorted competition in the interest of all participants (article 1), it can be invoked not only against competitors but also against any acts that influence competition, even if they are carried out by non-competitors. Articles 3-8 of the 1986 Act contain a non-exhaustive list of commercial practices and behaviours that are deemed to be acts of unfair competition. The general clause of article 2 of the 1986 Act provides that any behaviour or business conduct that is deceptive or is in any other way contrary to good faith, and which affects the relationship between competitors or between suppliers and customers, is unfair and therefore unlawful. From a brand owner's perspective, articles 3(d) of the 1986 Act ('creation of a likelihood of confusion') and 3(e) ('unnecessarily imitating comparison of products') are particularly important provisions as they provide the basis for claims against imitation of non-trade-marked aspects of products and packaging ('trade dress').

Under article 3(d) of the 1986 Act, any measure which causes a risk of confusion with another person's goods, works, services or business is considered an act of unfair competition. Although this rule does not grant subjective rights to an affected market participant, it may provide protection against passing off. A claim under article 3(d) requires that the imitated element is distinctive, ie, that it serves to identify the claimant's goods or services. Courts have a tendency to treat all non-word elements of trade dress as inherently non-distinctive, as consumers would not generally perceive them as indications of source. Often, therefore, the brand owner will have to prove acquired distinctiveness of its trade dress. The advantage of an unfair competition claim is that unlike under trade mark law, where acquired distinctiveness must be shown for the entire territory of Switzerland – which can be difficult because of the three different language regions – local 'fame' is sufficient.

Article 3(1)(e) of the 1986 Act prohibits unnecessarily imitating comparison of products in the context of advertisements without completely banning comparative advertising. Pursuant to this provision, anyone:

- who compares in an incorrect, misleading, unnecessary injurious or imitative manner its person, its goods, its works, its services and its prices with others, or with their goods, their works, their services or prices, or
- who, by such comparison, favours third parties in competition,

shall be deemed to have committed an act of unfair competition. This provision has been used to provide well-known signs with protection against imitations that do not lead to a likelihood of confusion, but merely an association, with the well-known sign.

'Renewal snatching', ie, the practice of registering recently lapsed domain names, was considered unfair competition by an expert under the SWITCH Rules of Procedure for Dispute Resolution Proceedings for .ch and .li Domain Names where the lapsed domain name contained a registered trade mark and the person 'snatching' the domain name had no justified interest of his own for registering the domain name (WIPO Arbitration and Mediation Center, Case DCH2014-0021 of 26 December 2014, *shop4.ch*).

1.5 Establishing jurisdiction

As trade mark infringing activities carried out anywhere in the world may affect Swiss trade marks, determining jurisdiction in online-related trade mark disputes is not always easy. A distinction must be drawn between purely domestic and cross-border cases of infringement.

(a) *Domestic infringement cases*

Pursuant to doctrine and case law, article 36 of the Civil Procedure Act (SR 272) – a provision that establishes jurisdiction for all kinds of torts – applies to trade mark infringement cases. This provision provides for four alternative sources of jurisdiction:

- the court of the domicile of the aggrieved person; or
- the court of the domicile of the defendant; or
- the court of the place where the act of infringement occurred; or
- the court of the place where the infringing activity had its effect.

With regard to the place where the act of infringement occurred, the courts focus on the place where the infringer carries out the necessary actions on a computer to make the allegedly infringing information available on the internet (ie by uploading it). So long as a claim is not brought against the hosting provider itself, the location of the web server on which the infringing data is hosted is irrelevant to jurisdiction.

The place where the infringing activity had its effect is the place where the protected Swiss trade mark right has been actually infringed, ie, where the infringing activity produces its effects. Given that an infringing website can be accessed from everywhere in the country, this means that in case of an unlawful use of a trade mark on the internet, any domestic court has jurisdiction.

With regard to interim measures (eg, preliminary injunctions), the court that has jurisdiction to order them is (per 13 of the Civil Procedure Act) either:

- the court that has jurisdiction to decide the action on the merits; or
- the court of the place where the measure is to be enforced.

(b) *International infringement cases*

Jurisdiction in international cases is determined by the Swiss Private International Law Act 1987 (SR 291) (the 1987 Act). However, the 1987 Act provides that international treaties take precedence. In relation to EU Member States, the Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters (the Lugano Convention, SR 0.275.12) governs international jurisdiction between Switzerland and EU Member States and Norway.

The Lugano Convention regime vests jurisdiction in the courts of the place of residence of the defendant (article 2(1)) and the courts of the place where the harmful event occurred (article 5(3)). While the interpretation of the Lugano Convention is obviously carried out by the competent Swiss courts, pursuant to Protocol 2 of the Lugano Convention, Swiss courts are obliged to take into account the principles laid down by any relevant decision of the other contracting states and, above all, any relevant decision handed down by the Court of Justice of the European

union (CJEU). Article 2 of the Protocol provides that decisions of courts of other contracting states and the CJEU with regard to the parallel Brussels Convention are also relevant. The Swiss Federal Supreme Court has repeatedly demonstrated that it pays close attention to the CJEU's jurisprudence. It may therefore be assumed – no case having been decided yet – that the Federal Supreme Court would take into account the CJEU's decision in Case C-523/10, *Wintersteiger* (and also potentially cases C-170/12, *Pinckney* and C-441/13, *Hejduk*, although they concerned copyright) and determine that accessibility, rather than targeting, is sufficient to establish jurisdiction under article 5(3) of the Lugano Convention.

For international disputes not involving an EU Member State or Norway, jurisdiction is primarily governed by the 1987 Act, which provides that an action for trade mark infringement may be brought before a Swiss court at the place of the defendant's domicile or, in the absence of a domicile in Switzerland, at the place of the defendant's habitual residence. Furthermore, Swiss courts at the place where the act was committed or its effect has occurred also have jurisdiction.

2. Use of a trade mark online

2.1 Requirements and non-use issues

As discussed in 1.3 above, the maintenance of protection for a Swiss trade mark requires actual use of the mark concerned in Switzerland. Use on the internet to identify the goods and services claimed by a trade mark that is protected in Switzerland is sufficient if it is targeted at consumers in Switzerland and the goods and services have been delivered in Switzerland. Use on a website that does not target the Swiss market is generally insufficient, even if the website is accessible from Switzerland. Furthermore, the use must identify the claimed goods and services, rather than the legal entity offering the products, which can be difficult to establish for service marks – although the Federal Administrative Court has in its recent case law shown more common sense than the Federal Institute of Intellectual Property and accepted use of a mark on letterheads and invoices as trade mark use in the case of service marks that are identical to the owner's company name (Federal Administrative Court, decision B-5902/2013 of 8 April 2015 – *Wheels/Wheely*).

2.2 How trade marks can be violated online

A Swiss trade mark is infringed online if an identical or a confusingly similar sign is used to display identical or similar products and leads to a likelihood of confusion (except in the case of an identical sign used for identical products, in which case the likelihood of confusion is irrefutably assumed and does not need to be established). As stated previously, private use falls outside the scope of the exclusive rights of the trade mark owner (except in case of import of commercially manufactured infringing goods for private use). Thus, the use of a trade mark on spoof sites that do not make an offer for sale is generally not actionable under trade mark law (though it may be under unfair competition law).

Famous marks ('marks with a reputation' in the terminology of EU trade mark law) enjoy a wider scope of protection against any use that tarnishes or dilutes the

mark or capitalises on the reputation of such a mark. Famous marks enjoy protection against use for any kind of goods and services, which may become relevant if a trade mark has been registered as a domain name but that domain name has not been activated. Since no products are offered under the domain name, a claim based on an ordinary trade mark will often fail, unless it can be shown by circumstantial evidence that the domain name is likely to be used for identical or similar products in the future. In the case of a famous mark, since the products offered are irrelevant, the mere registration of a trade mark threatens to infringe the owner's exclusive rights.

3. Online technological issues: a look at AdWords/remarketing and linking and framing

3.1 AdWords and remarketing

With regard to keyword advertising, both the advertiser who selects a word as a keyword that is identical or similar to a third party's trade mark and the provider of such keyword advertising services may be held liable for infringing the rights of the owner of a trade mark. As to the liability of the service provider, no court decision has been rendered in Switzerland so far.

With regard to the liability of advertisers, the High Court of the Canton of Thurgau rendered the first (and so far only) Swiss decision that concerned the use of a trade mark as an AdWord on Google's search engine in its decision of 7 September 2011, sic! 2012, p 387. Perhaps unsurprisingly, the court followed the CJEU's precedent in C-236/08, *Google France* and held that the mere use of a trade mark as an AdWord did not constitute a use of the pertinent trade mark to identify goods or services. If, however, the AdWord were to appear in the text of the advertisement itself or if the advertisement were to contain any references to the trade mark at issue, this would be used to identify products. The court also examined whether the use of another's trade mark as an AdWord constituted unfair competition and concluded that it did not, since the advertisements displayed when the user entered the AdWord did not discourage users from visiting the trade mark owner's website, but rather offered an alternative, which was inherent in any advertising. Accordingly, the use of a trade mark as a keyword did not divert potential customers in an unfair manner. If, however, the advertisement were deceptive – eg, by offering non-genuine goods – the question would have to be assessed differently.

It appears that the decision of the High Court of the Canton of Thurgau, although not confirmed by the Federal Supreme Court (as it was not appealed) is accepted as the leading case on the use of AdWords in Switzerland, probably because it is in line with CJEU case law and few expect the Federal Supreme Court to deviate from the CJEU's precedents.

3.2 Linking and framing

With regard to the admissibility of linking and framing under Swiss trade mark law, the following points may be made.

(a) **Linking**

Links to websites selling counterfeit goods are considered contributory infringement if the person linking to the website is aware, or must be aware given the circumstances, that the website offers counterfeit goods. There is, however, no published case law on linking in the context of trade mark law in Switzerland.

(b) **Meta tags**

The use of a registered trade mark within the meta tags of a website does not amount to trade mark infringement as such use does not qualify as use to identify the product. Depending on the specific circumstances, however, such behaviour may constitute an act of unfair competition or – if the meta tag is identical to a company name or name – infringement of a company name or name law (Commercial Court of the Canton of Aargau, decision of 10 April 2001, sic! 2001, p 532 – *Metatags*).

(c) **Framing**

If a registered trade mark is embedded into a website through framing, it is considered part of the website on which it is visible to the visitors. Whether use of the ‘framed’ trade mark constitutes an infringement of it is a matter of whether it were part of the website on which it appears; the technical manner in which the display is achieved is irrelevant.

4. **Liability of intermediaries**

4.1 **Circumstances**

There is still a lot of legal uncertainty in Swiss law regarding the liability of online intermediaries, with regard particularly to access, hosting and content providers. The extent of legal uncertainty is evidenced by a 113-page report on the civil liability of internet service providers (ISPs) published by the Federal Council of Ministers (Federal Council) on 11 December 2015.¹

The uncertainty stems from the fact that published court decisions are rare and that Switzerland has so far failed to implement any specific provisions dealing with the liability of intermediaries. Being a non-Member State of the EU, Switzerland has not implemented any legislation akin to the articles 12 and 14 of the E-Commerce Directive, which limit the liability of ‘mere conduit’ and hosting providers (though there is a specific provision governing ‘caching’ in article 24a of the Copyright Act (SR 231.1), which is akin to article 13 of the E-Commerce Directive). In dealing with online trade mark infringement, the liability of intermediaries must therefore be determined applying general principles of civil and criminal law, which sometimes provide an uneasy fit.

In a partial attempt to fill the void, the Swiss Internet Industry Association (SIMSA) adopted a Hosting Code of Conduct (the Hosting Code) in 2013. This code

¹ Die zivilrechtliche Verantwortung von Providern, Bericht des Bundesrats vom 11 Dezember 2015, available at <https://www.bj.admin.ch/dam/data/bj/aktuell/news/2015/2015-12-110/ber-br-d.pdf> (last visited 1 March 2016).

applies only to hosting providers and has been incorporated into the terms and conditions of most Swiss hosting providers. As SIMSA is a private organisation, the Hosting Code has no force of law. While its provisions may be useful for trade mark owners in certain cases, it primarily seeks to shield hosting providers from liability.

The Hosting Code provides for a notice and take-down procedure. Under the code, hosting providers are not required to examine what content their clients are storing, processing or making accessible. They are also not required to monitor content actively. Hosting providers should, however, accept reports of infringing activities, verify them and act accordingly. Hosting providers may block access to a website if they receive adequate notice that satisfies them that it is highly probable that the site contains unlawful content. Social media sites like Facebook, Instagram and Twitter also provide for notice and take-down procedures in their general terms of business.

The Federal Council has proposed a reform of the Copyright Act (the proposed article 66d) that would provide for:

- a notice and take-down procedure for hosting providers hosting infringing content; and
- an administrative procedure obliging access providers to block access to foreign-hosted websites offering copyright-infringing content.

The legislative process is not yet concluded, however, and it is not clear whether and in what form the proposal will become law. Further, the administrative procedure for obtaining a blocking order will be limited to the infringement of copyright and related rights and will therefore not be directly relevant to trade mark owners.

4.2 Liability of access providers

Probably no other area of internet law has led to as much discussion as the liability of those who provide access to websites hosting infringing content. On the one hand, there is an older Federal Supreme Court precedent that – in the context of criminal law – sentenced the director general of the former Swiss Postal Telegraph and Telephone Agency (PTT, since privatised) for complicity in disseminating pornography. The PTT had provided access to tape recordings of a sexual nature through value-added numbers. While the service was not operated by the PTT, it retained a share of the access fee, and had been made aware that no age verification was in place, allowing under-16-year olds to access the recordings. The court held that the director general had aided and abetted the distribution of pornography to minors by having made the necessary infrastructure available to the provider of these services and had continued to do so after the investigating authority had requested him to cease doing so (DFT 121 IV 109, *Telekiosk*).

In 1998, the Federal Police sent a highly controversial letter to all major Swiss internet providers, asking them to block access to specifically identified websites allegedly hosting illegal content. The Federal Police relied on the *Telekiosk* precedent in its letter. Many critics, however, questioned the legal basis for blocking orders, pointing out that internet access providers provided a socially useful service in a

non-discriminatory way and should not be held liable for third parties abusing that service. The political and legal discussion has since been extensive, but no final consensus has been reached. An initiative to regulate the criminal liability of internet service providers expressly was shelved in 2008.

Like criminal liability, the civil liability of access providers is also not subject to specific legal provisions. The Federal Council expressly refused to introduce 'safe harbour' provisions for access providers, stating that an exemption for ISPs from general principles of civil liability was not justified.

Applying general principles of civil liability to access providers, the key issue that emerges is the level of the duty of care the access provider must exercise. There is a general consensus that the access provider is not obliged to monitor traffic for illegal content. If, however, an internet access provider has been alerted by a credible source that specific websites offer illegal content, namely counterfeit goods, it should be obliged to block access to these websites because injunctive relief generally does not require fault. The doctrine is, however, far from unanimous on this issue, and no court precedent has clarified the situation so far.

4.3 Liability of hosting providers

There is an emerging consensus that hosting providers who have been alerted to infringing content being hosted on their servers and who fail to take down the content are liable for contributory infringement. This is also largely provided for in SIMSA's non-binding Hosting Code (see 4.1 above). In practice, Swiss hosting providers will take down offers for evidently counterfeit goods if alerted to their existence, though they will refuse to monitor hosted content on an ongoing basis.

It is a point of controversy whether hosting providers must ensure that infringing content also 'stays down'. A partial statement of doctrine stems from DFT 126 III 161, in which an operator of a printing press was obliged to ensure that no material infringing personal rights was printed in the future. Some commentators identified the underlying proposition as being that the hosting provider has a limited obligation to monitor for infringing content. Others argue that the amount of content hosted by a typical hosting provider makes it impossible to ensure that infringing content stays down. The lack of case law in this area may also be explained by the fact that most websites offering counterfeit goods are not hosted by hosting providers domiciled in Switzerland.

With regard to online marketplaces, namely auction sites, no case law exists. Applying general principles of civil law, the operator of an online marketplace must remove infringing offers once it has been made aware of their existence, as it would otherwise risk incurring civil liability. There is no consensus on how far the duty of care to prevent the offer of counterfeit goods extends. In the authors' view, if the counterfeit nature of the goods is obvious, ie, if the same user has repeatedly sold infringing goods in the past, the operator is obliged to remove infringing offers even without a specific alert, risking civil liability if it fails to do so. It is submitted that Swiss law is largely in line with the principles laid down by the CJEU in Case C-324/09, *L'Oréal v eBay*, that is, the operator of an online marketplace is liable –

if it would be aware of facts or circumstances on the basis of which a diligent economic

operator should have realised that its online offers for sale were unlawful and, in the event of it being so aware, would fail to act promptly to remove the infringing content from its website.

4.4 Liability of content providers

The Federal Supreme Court has handed down only one judgment on the civil liability of a content provider (Federal Supreme Court, decision 5A_792/2011 of 14 January 2013, *Tribune de Genève*). The court concluded that a blog host can be required to remove a post that breaches a person's privacy rights once he/she has knowledge of that content. In justifying this decision, the court relied on article 28(1) of the Swiss Civil Code (SR 210), holding that the obligation to remove the infringing content was strict, ie, no fault was required on the part of the provider.

This decision has been criticised by Swiss scholars. Regardless of the fact that various authors have agreed that the blog host should be obliged to remove the posting, the Federal Supreme Court was criticised for deciding that an action could basically be brought against anyone involved in any respect of an alleged breach of privacy. Further, the court's decision to hold the blog host responsible for a share of the cost of the proceedings was considered to be wrong, as the blog host had no prior warning of the cause of action and, therefore, no possibility to co-operate voluntarily.

Nonetheless, and although the *Tribune de Genève* decision concerns personal rights rather than trade mark law, the decision should establish a favourable precedent for brand owners *vis-à-vis* content providers. The difficulty that arises in practice is often the distinction between a mere hosting provider and a content provider. In principle, the latter assumes editorial responsibility, while the former does not. The decision also shows that the Federal Supreme Court is far stricter in establishing doctrine that largely seeks to exempt ISPs from liability.

4.5 Measures/relief

(a) *Right to the removal of or blocking of access to trade mark-infringing content*

In the case of a trade mark infringement, article 55(1) of the 1992 Act gives any person whose trade mark right has been infringed or threatened with infringement the possibility of requesting the court either to prohibit an imminent infringement or to remedy an existing one. This applies regardless of whether or not the provider is at fault. This provides the basis for obliging hosting providers to remove infringing content of which they have been made aware (see 4.3 above). Whether access providers are obliged to DNS/IP (Domain Name System/Internet Protocol) block access to websites offering counterfeit goods is, however, controversial (see 4.2 above). This problem is addressed in 5 below.

(b) *Claims for damages*

A provider is only liable for damages if it has acted wilfully or negligently. As cases in which the provider acts wilfully should be rare, the key question relates to the duties of care that providers must fulfil so as not to act negligently.

In the case of access providers, some Swiss scholars are of the opinion that liability for damages is out of the question because simply providing access to the internet or providing the required infrastructure is a subordinate contribution to the wrongful act. A general duty on access providers to monitor and check content for violation of private rights is therefore considered excessive and impractical. The authors believe that the situation is not so clear cut if the access provider has been informed that specific websites offer counterfeit goods and refuses to block access to those websites. That DNS/IP blocking is technically feasible is evident, although providers have disputed this in the past. Once the provider knows of the infringing acts, it knowingly contributes to them, which is sufficient under general principles of civil liability to establish liability. In practice, the difficulty lies in proving the amount of damage suffered. Since Swiss law knows no statutory damages, the trade mark owner has to show a causal link, ie, that because access has been given to websites selling infringing goods, it lost sales in Switzerland. Proving the causal nexus to the extent required by the Swiss courts is, however, very difficult.

In relation to hosting providers, the majority of Swiss scholars take the view that providing hosting services can reasonably be said to facilitate the infringement of trade mark rights. As explained in 4.3 above, however, the general consensus is that hosting providers are only liable once they have been alerted to the infringing content; they are not obliged to monitor the hosted content proactively for infringement.

Proof of loss of profits is the most difficult aspect in practice. While the trade mark owner also has a claim for surrender of profits (under article 423 of the Code of Obligations, SR 220), the profits made by the hosting provider through hosting trade mark infringing content will generally be minimal.

(c) ***Right to information***

The key issue in relation to rights to information is whether and subject to what requirements a person whose rights have been infringed may demand that the provider discloses the identity of its customer(s) involved in infringing activities. For trade mark infringement, this primarily concerns Swiss-domiciled hosting providers, as a Swiss access provider will generally not have any information about the person(s) behind a website offering counterfeit goods that is hosted outside of Switzerland.

Article 55(1)(c) of the 1992 Act provides that the defendant must disclose to the trade mark owner the source and quantity of goods bearing an infringing trade mark, and inform it about the extent to which it has passed on the goods to commercial recipients. This provision obviously does not apply to a hosting provider who is neither in possession of any goods nor has passed them on.

However, article 55(1)(c) of the 1992 Act specifically provides for a right of information from third parties who do not themselves contribute to trade mark infringement. If the hosting provider can be considered a contributory infringer (for the requirements, see 4.3 above), it may be obliged to disclose the identity of its customer under general principles, namely article 423 of the Code of Obligations, in connection with article 400 of same. There is as yet no case law on this issue.

If one follows the majority view that there is no enforceable civil claim against a

hosting provider for the provision of information, the trade mark owner may file a criminal complaint against the unknown infringer, as wilful trade mark infringement is a criminal offence under articles 61 and 62 of the 1992 Act. The criminal prosecuting authorities can then force the hosting provider to disclose information required in identifying the primary infringer, and the trade mark owner may obtain this information by requesting access to the prosecution's file. The downside of the criminal route is that the trade mark owner is largely at the mercy of the prosecution, as not all prosecutors treat trade mark infringement cases as top priority.

5. **Hot topic**

Whether or not access providers are obliged to implement DNS/IP blocking to block their customers' access to websites offering counterfeit goods is an open question in Switzerland, and one that is going to become more prominent should the proposed revision of the Copyright Act be implemented (see 4.1 above). According to the Federal Council's proposal for a revision of the Copyright Act, for which the relevant stakeholders were asked to submit their comments by the end of March 2016, copyright holders may request the Swiss Federal Institute of Intellectual Property to order Swiss-domiciled access providers to block access to copyrighted content, provided that the content is:

- accessible in Switzerland;
- obviously made available without the rightholder's consent;
- hosted by a hosting provider having its domicile abroad; and
- lawfully available in Switzerland.

Furthermore, the proposed new Gambling Act (*Geldspielgesetz*) will impose an obligation on Swiss ISPs to block access to websites offering illegal gambling services from abroad. The legislature therefore clearly considers IP/DNS blocking a technically feasible and effective way of blocking access to illegal websites, despite the technical and administrative burden imposed on access providers and the circumvention by sophisticated internet users that is possible.

On the other hand, the new administrative blocking procedure is clearly limited to websites offering copyright infringing content, and does not extend to websites offering counterfeit goods. Since the 1992 Act lacks an equivalent procedure, one may conclude that blocking orders are limited to copyright infringement. The authors believe that this conclusion is correct, though it will be limited to the specific administrative procedure foreshadowed in the proposed article 66d of the Copyright Act. One cannot conclude that blocking orders issued by a civil court on the basis of the applicable civil law, ie, article 55(1)(b) of the 1992 Act, are pre-empted. On the contrary, since the legislature obviously considers blocking orders an effective and proportionate measure for preventing copyright infringement, such orders should also be considered effective and proportionate in preventing the sale of counterfeit goods in Switzerland. The authors believe that the 1992 Act provides a sufficient legal basis to force a Swiss-domiciled access provider, in civil proceedings before a competent civil court, to implement DNS/IP blocking to prevent its customers from having access to websites offering counterfeit goods.