

Washington, D.C.
November 24, 1978

28. Nov. 1978

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Dear Commissioner Banner :

I wish to refer to the discussions which took place in Washington on November 1, 1977 between representatives of the Government of Switzerland and Officials of the U.S. Patent and Trademark Office regarding the problems of the misrepresentation of Swiss Origin on goods sold in the United States, and to bring to your attention the following :

The particular concern of the Swiss authorities is the misuse of the term "Swiss" as it is applied to goods or services which are not of Swiss origin. This concern is not limited to the United States, but also to similar misrepresentations regarding Swiss origin throughout the world. As you undoubtedly know, Switzerland is not the only country disturbed by this situation. A number of European countries have entered into bilateral agreements designed to curb the abuse of terms of origin. In addition, the World Intellectual Property

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Mr. Donald W. Banner
Commissioner
U.S. Patent and Trademark Office
Washington, D.C. 20231



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Organization ("WIPO") is studying this problem on a multinational basis. We believe, however, that these multilateral efforts need to be supplemented, in order to be effective, by concrete bilateral arrangements.

The Swiss concern is based on two factors :

First, consumers in the United States can be seriously misled by representations that goods are of Swiss origin when, in fact, they are not. Swiss-made goods have developed a reputation for high quality and craftsmanship. Thus, consumers in this country may be led into purchasing articles they otherwise would not buy on the basis of misrepresentations of Swiss origin.

Secondly, misrepresentations of origin are particularly damaging to a small country, such as Switzerland, which has no natural resources and can only compete with foreign countries by manufacturing high quality products. The Swiss reputation which was built up solely on the basis of painstaking hard work over the years, is endangered by misrepresentations of origin resulting in a dilution of the geographical significance of the Swiss name. The consequences are particularly severe for Switzerland which relies, for 40 per cent of its Gross National Product, on exports and services abroad. As you know, the United States is one of the many trade partners of my country.

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This is a situation which is by no means one-sided. The Swiss authorities have encountered an increasing number of cases where designations of United States origin have been improperly applied to goods or services : for example, the term "Texas" applied to trousers made in Switzerland and the term "Arizona" used on garments manufactured in France. They are diligent and strict in protecting against such misleading representations involving United States terms of origin. They have done this without the need for any inquiry or initiative on the part of United States authorities or manufacturers. However, we understand that the United States statute and its interpretation differ from the Swiss statutory authority and that United States authorities can only act as empowered by their law.

The Swiss officials appreciated very much the discussions with your representatives at the November 1, 1977 meeting and the considerations they presented. Specifically, your suggestions for use of the opposition and cancellation procedures will be studied as well as the possibilities of registering certification marks. They regret that, as they understand from the explanation of your Office, it is not possible for the U.S. Patent and Trademark Office to act retrospectively against those registrations which have been previously issued using the term "Swiss", but they are pleased by the statement that under the recent decision in *In re Chaffes S. Loeb Inc.* 190 USPQ 238 (TTAB 1975) these

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prior registrations need not be considered as precedents requiring registration of additional marks which use the term "Swiss". They were also encouraged by the willingness of your representatives to consider issuing a memorandum to the Trademark Examiners that would alert them to these problems and would call their attention to the criteria for considering geographical terms set forth in the Loeb case. In addition, the Swiss representatives also understand that the U.S. Patent and Trademark Office, in exceptional cases, would give consideration to a letter from the Swiss authorities calling the Office's attention to an application which appears, in their view, to involve a misrepresentation of Swiss origin.

In case the above suggestions are not effective, the Swiss authorities would then wish to continue the discussions with the U.S. Patent and Trademark Office in the constructive spirit of the November 1, 1977 meeting in order to examine other possible solutions.

In this context, the Swiss authorities would appreciate very much if the U.S. Patent and Trademark Office could, for the benefit of the Swiss side, authoritatively describe the legal situation in the United States regarding the questions of protection of origins in general and of the Swiss name in particular.

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They would also be pleased to receive information of the U.S. Patent and Trademark Office's interest in continuing these important discussions.

Thanking you very much in advance for your valuable cooperation and looking forward to your reply, I remain,

Sincerely yours,

(R. Probst)

Copie à la Division politique I p.1. avec prière transmettre
deuxième copie à M. le Directeur P. Braendli, Bureau
de la propriété intellectuelle



**UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office**

Address: COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D.C. 20231

DEC 18 1978

Ambassador R. Probst
Embassy of Switzerland
2900 Cathedral Avenue, N.W.
Washington, D.C. 20008

Dear Ambassador Probst:

I sincerely appreciate your letter of November 24, 1978, concerning the discussions which took place in Washington on November 1, 1977 between our respective patent and trademark offices regarding the use of Swiss geographical denominations on goods sold in the United States. I am informed that your letter accurately reflects the November 1 meeting.

As you know, the actions of the United States Patent and Trademark Office with respect to the registration of marks are controlled by the Trademark Act of 1946. Under this Act we can only register or refuse to register trademarks in accordance with its provisions as interpreted by the courts. The Act does not give the Patent and Trademark Office authority to prohibit use of a trademark in commerce. Questions concerning the prohibition of use of marks containing geographical indications are primarily dealt with in litigation involving the parties directly affected.

Our federal trademark law is based on the common law which viewed geographic marks or names as descriptive designations to the extent that they indicated the place in which a product was produced or manufactured. Therefore, no one person could obtain an exclusive right to the use of the geographic name in order to preclude others from representing that their goods originated from the same place.

This concept is contained in Section 2(e) of the Trademark Act of 1946 which prohibits registration of marks which are, when applied to the goods of the applicant, primarily geographically descriptive or deceptively misdescriptive unless, under Section 2(f), such marks have acquired a secondary meaning.

Thus, under Section 2(e), there are two types of geographical marks for which registration is restricted. First, those which describe the name of the place from which the goods

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actually come and thus are primarily geographically descriptive. Such marks must acquire a secondary meaning before they can be protected as trademarks. That is, they must have come to be recognized as indicating the source or manufacturer of the goods rather than the place in which those goods were produced. For example, a finding of secondary meaning for the geographic term "Waterbury" used on watches and clocks was made in United States Time Corp. v. Benrus Watch Co., 114 USPQ 411, (Commissioner of Patents 1957).

The second type of mark for which registration is restricted is that which is geographically deceptively misdescriptive. This would be a geographic mark which is used with goods which do not come from the place named by the mark and which leads consumers to buy under a misapprehension as to origin. For example, the mark "Midwest Farms" on milk and ice cream produced in Texas was found to be geographically deceptively misdescriptive since it would mislead purchasers to believe that the goods come from the midwest, an area noted for its dairy products. In re The Southland Corp. of Dallas, Texas, 162 USPQ 465 (TTAB 1969). However, even when a mark is found to be geographically deceptively misdescriptive it can be registered as a trademark if it has become distinctive of the applicant's goods in commerce, that is, it has acquired secondary meaning in accordance with Section 2(f) of the Trademark Act. The reason for this is that when a mark has acquired a secondary meaning, purchasers encountering the mark would not be misled as to the origin of the goods. See the discussion of the mark "Italian Maide" in In re Amerise, 160 USPQ 687 (TTAB 1969).

In considering a geographic mark for goods which do not come from the place named, a careful determination must be made between a mere arbitrary use and a deceptively misdescriptive use of the mark. The final determination depends upon the likely reaction of buyers when seeing the mark on the goods in question. A well-known example of a geographic term used in an arbitrary and non-deceptive manner is the mark "Dutch" or "Dutch Boy" for paint. In this case the court held that "here there is no likelihood that the use of the name 'Dutch' or 'Dutch Boy' in connection with the appellants' goods would be understood by purchasers as representing that the goods or their constituent materials were produced or processed in Holland or that they are of the same distinctive kind or quality as those produced, processed or used in that place". National Lead Company v. Wolfe et al., 105 USPQ 462 (CA 9 1955).

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The type of geographic mark which is not precluded from registration and requires no secondary meaning is a geographic term which is used in an arbitrary manner. The rule regarding arbitrary use of geographical marks is explained in the Re-statement of Torts, Section 720, Comment:

The reasons for the rule that geographical names cannot be trademarks do not weigh heavily when the geographic name has obviously only an arbitrary or fanciful significance in connection with the goods upon which it is used. Thus, Gibraltar may be a trademark for automobiles since there is no likelihood that the use of the name would lead purchasers to suppose that there is any particular relation between automobiles and the geographical locations known by that name, or any likelihood that it would seriously interfere with the freedom of merchants at Gibraltar to use the name. Again, Ethiopian may be a proper trademark for ladies stockings; for while suggestive of a certain color and sheen, it is only fancifully so and there is no likelihood that other merchants may have occasion properly to use the name Ethiopia on stockings since there is no factor of importance associating stockings with Ethiopia. Such is also the case of Pacific for bread or Arctic for refrigerators.

The principles for making a determination of whether a geographical mark is unregistrable as deceptive under Section 2(a) of the Trademark Act of 1946 or whether it is registrable if it has acquired secondary meaning under Section 2(f) of the Act are clearly set forth in In re Charles s. Loeb, Inc., 190 USPQ 238 (TTAB 1975). It is clear from the language of the statute as interpreted by that decision that the name of a country or a term with a geographical significance is not per se unregistrable under the provisions of the statute. The trademark examiners have been urged to follow the criteria for the registration of geographic terms set forth in the Loeb decision.

As we indicated during our discussions, Swiss companies have several avenues to prevent others from obtaining a registration wherein the use of the Swiss term is likely to deceive and cause confusion in the purchase of goods which are not of Swiss origin.

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(1) Under Section 13 of the Act of 1946, Swiss companies can initiate opposition procedures against marks which have been published for opposition prior to registration. A Swiss trade association in the U.S. could file oppositions for Swiss manufacturers and/or importers. (See Tanner's Council of America, Inc. v. Gary Industries, Inc., 169 USPQ 608 (CCPA 1971)).

(2) Section 14 of the Act of 1946 offers also the additional legal recourse of filing a petition by a Swiss company for the cancellation of a mark when it believes that the use of a geographical term by the registrant is a deceptive use of the mark.

(3) Under the Trademark Act of 1946, Swiss interests can be protected under Section 4 of the Act which allows for the registration of collective and certification marks, including indications of regional origin used in commerce, in the same manner and with the same effect as are trademarks, by persons, and nations, States, municipalities and the like, exercising legitimate control over the use of the marks sought to be registered, even though not possessing an industrial or commercial establishment (see Community of Roquefort v. Santo, 157 USPQ 444 (TTAB 1968)).

Additionally, it should be noted that the Federal Trade Commission under authority bestowed upon it in Section 14(c) of the statute may apply to cancel a registration when it "was obtained fraudulently" or the use of the mark is a "deceptive" use and/or it is used to misrepresent the source of the goods or services in connection with which the mark is used. (See Bart Schwartz International Textiles, Ltd. v. The Federal Trade Commission, 129 USPQ 258 (CCPA 1961)).

I believe that the discussion and exchange of views between our respective patent and trademark offices have been helpful in pointing out some of the differences which exist between our respective systems and the legal limits under which our Office functions.

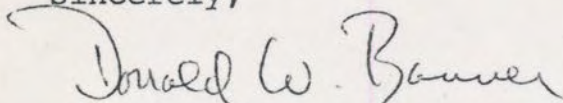
The various alternatives that we have outlined above should help Swiss companies in their efforts to prevent the improper use of Swiss geographical denominations on goods sold in the United States. Additionally, we have taken the opportunity to alert our trademark examiners to recent interpretations of Sections 2(a) and 2(e)(2) of the trademark law. We have

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brought to their attention the necessity of carefully considering the registerability of geographical terms including terms which might falsely indicate goods of Swiss origin.

I will be most pleased to continue our efforts and discussions whenever they might assist you in your endeavor.

Sincerely,

A handwritten signature in cursive script that reads "Donald W. Banner". The signature is written in dark ink and is positioned above the typed name.

Donald W. Banner
Commissioner of Patents
and Trademarks