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PROPRIÉTÉ INTELLECTUELLE

Personnalisation des produits et droit des marques : violera ou ne violera pas ?



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Product customization and trademark law: to infringe or not to infringe?

Being the proud owner of a ROLEX watch is great. To be able to make it unique by customizing it is even better. However, such personalization must be lawful and not infringe the owner's trademark rights. This was the issue to be addressed by the Supreme Court on January 19, 2024 in case [4A_171/2023](#), the facts of which were as follows:

I. The facts

A Geneva-based company is in the business of personalizing watches purchased by private individuals who want to give them a personal touch, particularly ROLEX brand watches. The company gives them a new look by modifying various technical features to make them more exclusive, in line with the wishes expressed by its customers. Some operations, for example, involve transforming a watch into a skeleton model and making the movement visible through transparency, something ROLEX has never done before. Personalization sometimes, but not systematically, requires the original watch markings to be removed and reapplied to the dial after replacement or modification, or, in the case of skeleton models, to be applied in the form of decals under the crystal.

However, the company only offers its services to customers who have acquired their watches legally, and then only for private use. The company expressly draws its customers' attention upon the fact that they are not entitled to resell their watches in any commercial way whatsoever, and that it does not itself resell customized watches. The said company expressly mentions on its website the fact that brand owners do not endorse its activity, and that the manufacturer's warranty lapses and is replaced by its own once the watch has been customized. Finally, any parts replaced are expressly indicated as being those of the company in question, and not those of the

brand owner manufacturing the watch.

Following an action brought by ROLEX for trademark infringement and unfair competition, the Geneva Court of Justice ruled in favor of ROLEX. The Court held that only the customer can rely on the principle of trademark exhaustion, to the exclusion of the third-party company providing commercial services to customize the product. In other words, according to the Court, this principle of exhaustion does not authorize a third party such as the defendant to offer a commercial service by freely using the trademarks of others on the market for its own benefit. This commercial offer would not be covered by private use.

The Geneva-based company appealed to the Supreme Court against this ruling.

II. The lawfulness of personalized products for private use

The Supreme Court begins by pointing out that the exclusive right to market a product to which a trademark has been affixed runs out once the product in question has been lawfully acquired.

From that point onwards, the purchaser is entitled to do whatever he or she likes with it, including offering it to a third party, reselling it or destroying it. Likewise, the purchaser has the right to modify it, which, depending on the technical skills required, may require him or her to call on the services of a third party who has skills that he or she does not possess. The same applies, for example, to adjustments made to a haute couture dress using the services of a professional dressmaker, whose activities do not infringe the trademark owner's rights. There is no reason why the case in point should be any different.

The customization of a branded product, carried out at the request and on behalf of its owner for personal use, does not infringe the distinctive function of the trademark, since the modified object is intended for private use and is not put back on the market.

The situation would be different if the modified products were then put back on sale; the use would then no longer be private, but would take on a commercial character making the product visible on the market, as the Hérens and Conthey District Court ruled in the case of the resale of Levi Strauss jeans legitimately acquired before being washed out and put back on sale.

In other words, a distinction must be made between private and commercial use. When products are modified at the request of the legitimately acquired owner, and that such modifications are made solely for personal use, the services offered by the third party to carry out the modifications do not infringe the owner's trademark rights, since the situation is purely private. The situation is different, however, when the modified products are subsequently resold on the market, in which case we are dealing with a commercial use that infringes the trademark rights of the owner.

III. Conclusion

The Supreme Court's ruling appears convincing.

Once a product has been legitimately acquired, the buyer is entitled to do whatever she likes with it, as long as she does not modify it, including reselling it, in accordance with the principle of exhaustion of rights.

If she modifies it or has it modified by a third party who has the technical skills to do so (be it a tailor, a garage mechanic or any other specialized craftsman), the purchaser of the said product (and the company which may have carried out the modifications) must ensure that the modified product is only used for personal, private purposes. Such private use does not fall within the scope of trademark law.

Any resale of a modified product, on the other hand, revives the exclusive right to distribute the product, enabling the owner to oppose this new form of distribution, whether carried out by the private individual or the professional who modified the product.

The importance of this ruling cannot be overstated, at a time when product customization is playing an increasingly important role. The Federal Court has upheld this activity, provided that the professional ensures that his activities are only carried out on behalf of private individuals who have legitimately acquired the modified product, and that his customers undertake to use it for personal purposes only. At most, it will be specified that the professional cannot be held responsible for a customer who violates his undertaking and resells the modified product herself. In this case, it is the private individual alone who would be held responsible for having violated trademark law, not the professional. It is therefore in the professional's interest to bolster his or her business model with particularly clear and visible general terms and conditions.

Source :

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