

Question Q195

National Group: ABPI – Brazilian Association of Intellectual Property (the Brazilian Group of AIPPI)

Title: **Limitations of the Trademark Protection**

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Analysis of current law and case law

The Groups are invited to answer the following questions under their national laws:

- 1) *Are there statutory limitations of trademark rights in your trademark law? If so, which ones? If not, have similar concepts been developed in case law? (Please only briefly list the limitations here; more detailed explanations will be required below).*

Yes: the Brazilian IP Law (Law 9279, of May 14, 1996) provides for the following statutory limitations to trademark rights:

(Art. 132) The trademark owner may not:

- I – Prohibit tradesmen or distributors from using the trademark to promote the sale of the product bearing said trademark;
- II – Prohibit manufacturers of accessories from using the trademark to indicate the use of the product.

The same article deals with exhaustion of trademark rights and freedom of speech, which will not be dealt with in this Question.

- 2) *If descriptive use defences are recognised under your trademark law, what is descriptive use and what types of descriptive use defences are recognised? (Please only briefly list the types of descriptive use defences here; more detailed explanations will be required below)*

The Brazilian IP Law recognises two types of descriptive use defences: use of the trademark by salesmen and distributors to indicate the wares sold, and use of the trademark by manufacturers of accessories to indicate the products which the accessories are compatible with.

- 3) *Is use of one's own name permissible under your trademark law? If so, under which circumstances? Specifically, may anyone use his or her name as a trademark?*

The Brazilian IP Law does not provide expressly for the use of one's own name as a defence in case of violation of a third party's trademark. The IP Law does provide that the civil name of a person, the signature, the family name or the famous

pseudonym or nickname may not be registered as a trademark without the consent of the owner thereof, or of the heirs or successors.

There are, however, several precedents indicating that, when a family name has been registered as a trademark, a third party may not register the same name as a trademark for the same or similar class of products or services, even if said name is the family name of the third party applicant. The following principles apply in this case:

- (a) the principle of speciality, i.e. the same family name may be registered by a third party for a different class;
- (b) the principle of precedence, i.e., in case of conflict of trademarks representing the family name of several parties, for the same class of products or services, the trademark that has been previously registered prevails;
- (c) in case of conflicts between trademarks comprehending of civil names or family names plus fantasy names, the total composition of the trademark must be taken into consideration in order to ascertain the potential for confusion among the public;
- (d) in case of homonymy, there is no need for a trademark applicant to obtain the consent of the other person bearing the same name;
- (e) a third party bearing the same name may apply for said name as a trademark without the need to add distinctive signs to his or her trademark, provided that the principle of speciality is observed.

- 4) *Is a company entitled to make use of the “own name” defence? Specifically, is the “own name” defence only available to a company whose name includes a surname (e.g. William Smith Limited)? How are conflicts between the company’s use of its “own name” and confusingly similar trademarks resolved?*

A company is not entitled to use the “own name” defence when said own name is already registered as a third party trademark for the same class of products or services.

The fact that the own name includes a surname does not change the situation.

As to how the conflicts between the company’s use of its own name and confusingly similar trademarks are resolved, please see the reply to question (3) above.

- 5) *Is the use of indications concerning the characteristics of the goods or services, including the kind, quality, value, geographical origin or time of production of goods permissible under your trademark law? If so, under which circumstances?*

Words representing the kind, quality, value, geographical origin or time of production of goods or services are inherently descriptive and in principle should not be registered as trademarks with an exclusivity of use. When registered as trademarks, such names should be registered with an apostile indicating that said words are registered without exclusivity of use. In these circumstances, if the apostile has been correctly recorded by the Patent and Trademark Office, the use of the same word by third parties to indicate characteristics of the products or services is permissible.

- 6) *Is the use of another’s mark to indicate product compatibility permissible under your trademark law? If so, under what circumstances? Is only the use of another’s word mark in ordinary script or neutral letters permissible or also the use of another’s logo or special script format of the mark?*

Yes. The use of another’s trademark to indicate the compatibility of a product for use with another product is permitted under Article 132, item II, which reads:

Art. 132: The owner of a mark may not:

II – prevent manufacturers of accessories from using the mark to indicate the use (*the word used in the law is “destination”*) of the product, provided they obey fair competition practices.

Therefore, it is possible to conclude that use of a third party trademark to indicate “compatibility” is permissible, provided that such use is conditioned to fair competition principles being observed. We shall not comment on fair competition issues as this is not the purpose of this Question.

There are no indications in the Brazilian IP Law whether said use is restricted to ordinary script or neutral letters or whether the use of the logo or special script format of the trademark is permitted. Therefore, it is fair to conclude that, provided that fair competition principles are obeyed, the logo and special script format of the trademark may be used to indicate the use or compatibility of the accessory.

7) *Is decorative use of another’s mark permissible under your trademark law? If so, under what circumstances?*

Decorative use (without the trademark owner’s authorization) is permissible provided that the trademark used as a decoration:

- (i) is not registered in the class of products upon which the decoration is affixed (i.e. on clothing or accessories, such as T-shirts, shoes or leather bags). If the trademark is registered in the class of said products, use of the trademark thereon would not be permissible;
- (ii) is not a famous trademark, recognized as such by the Brazilian Patent and Trademark Office (INPI). If the trademark used as a decoration is a famous trademark, use thereof in any class of products would not be permissible;
- (iii) decorative use is not detrimental to the image or reputation of the trademark.

8) *Is use of descriptive terms permissible regardless of whether it is in accordance with honest or fair practices or whether it constitutes unfair competition? If descriptive use of another’s mark is only permissible if it is in accordance with honest or fair practices, what are typical examples of use which are not in accordance with honest or fair practices?*

According to Art. 132 of the Brazilian IP Law, use of descriptive terms is permissible provided such use obeys fair competition practices.

Typical examples of unfair competition in the use of descriptive terms is the use that tends to cause confusion among the public, for instance in case a distributor or manufacturer of accessories uses only the third party trademark in his or her commercial establishment and by doing so misleads the public into believing that he or she is the actual owner of the trademark.

9) *Do the above mentioned types of descriptive use constitute limitations of trademark rights because they would not be regarded as “use as a mark” or are they specifically exempted regardless of whether trademark use is involved?*

The above mentioned types of descriptive use are expressly exempted by the IP Law regardless of the discussion over whether such use characterizes “use as a trademark” or not.

10) *If your trademark law recognises other types of descriptive use defences which have not been discussed above, please explain.*

The Brazilian IP Law recognizes four types of exceptions to the trademark owner’s exclusive rights:

- (i) use by a salesman or distributor to indicate the goods or services sold;
- (ii) use by a manufacturer of accessories to indicate the products which the accessories are compatible with;
- (iii) use of the trademark for resale of a product originally sold in the domestic market by the trademark owner himself or herself or by a third party with his or her consent (exhaustion of rights);
- (iv) use of the trademark as citation in speeches, scientific or literary work or other publication, without commercial connotation and without damage to the distinctive character of the trademark.

The Brazilian IP Law **does not** recognize expressly as a permitted use the use of a third party trademark by a service provider, to indicate the products for which the services are offered, such as, for example, the use of a refrigerator trademark to indicate the expertise of a repair or technical assistance service. Another example is the use of an automobile trademark to indicate the repair service that specializes in that particular kind of vehicle.

This lack of express provision in the IP Law in connection with use by service providers prompts discussions about whether such use is permissible or not. This aspect should be harmonized to avoid insecurity and conflicting interpretations.

11) Does your trademark law provide for a prior user right/defence? If so, under what circumstances?

The reply to this question depends on what interpretation is given to paragraph 1 of Art. 129 of the Brazilian IP Law. Said paragraph provides that “any person who in good faith at the date of priority or of the application was using an identical or similar mark for at least 6 (six) months in the country, to distinguish or certify a product or service that is identical, similar or akin, will have preferential right to registration.” The provision guarantees to the prior user a priority in the registration of said trademark, but not expressly a defence in case of alleged violation of a third party trademark. However, if the prior user is entitled to register his or her trademark, it should be inferred that the prior user may also allege such prior use as a defence against a claim of violation. Considering that registration – under the Brazilian system – provides the applicant with property rights over the registered trademark, the prior right to registration is a more substantive right than the right to claim the prior use as a defence against violation. Whomever can do more can also do less, therefore the correct interpretation of paragraph 1 of Article 129 should be in the sense that prior use may be also used as a defence against alleged violation.

In any event, prior use should be substantial, that is, in commercial scale to trigger such right to registration and defence.

12) If your trademark law provides for other limitations of trademark rights which have not been discussed above, please explain.

The Brazilian IP Law itself does not provide for other limitations to trademark rights. However, other laws such as the Brazilian Civil Code, the Brazilian Consumer Protection Code and the Anti-Trust Law contain provisions that may, in certain practical circumstances, represent a limitation to the exclusive use of a trademark by its owner.

Proposals for adoption of uniform rules

The Groups are invited to put forward proposals for adoption of uniform rules regarding limitations of trademark rights. More specifically, the Groups are invited to answer the following questions:

- 1) *Should descriptive use of another's trademark be permissible? If so, under what circumstances? Should descriptive use of another's trademark be permissible regardless of whether it is in accordance with honest or fair practices or whether it constitutes unfair competition?*

Yes, descriptive use of a third party's trademark should be permitted, provided that such descriptive use obeys strictly fair competition practices.

- 2) *Should use of one's own name be permissible? If so, under which circumstances? What should the position regarding the use of corporate names be?*

Use of a person's own name should be permitted, provided that such use is not a use as a trademark to distinguish products or services identical or confusingly similar to those distinguished by the previously registered trademark.

As to use of corporate names:

- (i) They should be protected against competition from trademarks registered later, for the same or similar kinds of products or services.
- (ii) They should not be permitted to co-exist with identical or very similar trademarks previously registered for the same or similar classes of products or services.
- (iii) The territory of protection of corporate names should be clearly defined by local laws.

- 3) *Should the use of indications concerning the characteristics of the goods or services, including the kind, quality, value, geographical origin or time of production of goods be permissible? If so, under which circumstances?*

In principle, trademarks containing words that indicate the kind, quality, value, geographical origin or time of production of goods should not be registered with an exclusive use when related to the product or service to be distinguished, in such a manner as to prevent use of such words of necessary or common use by the general public, except when such common words are registered with sufficiently distinctive features.

Therefore, use of such common names should be permissible, provided that such use does not infringe the distinctive features of a registered trademark.

- 4) *Should the use of another's mark to indicate product compatibility be permissible? If so, under what circumstances? Should only the use of another's word mark in ordinary script or neutral letters be permissible or also the use of another's logo or special script format of the mark?*

Use of another's mark to indicate product compatibility should be permissible, provided that such use does not cause confusion among the public, that is, does not indicate a relationship between the manufacturer of the compatible product and the manufacturer of the other product. This implies in the requirement that the manufacturer of the compatible product indicates clearly his or her own name or corporate name as the actual manufacturer of the compatible product, in such a manner as to avoid confusion.

If fair competition practices are observed, then the use of the third party trademark could be made with the logo, special script format or combined format.

- 5) *Should decorative use of another's mark be permissible? If so, under what circumstances?*

Decorative use (without the trademark owner's authorization) should be permissible provided that the trademark used as a decoration:

- (i) is not registered in the class of products upon which the decoration is affixed (i.e. on clothing or accessories, such as T-shirts, shoes or leather bags). If the trademark is registered in the class of said products, use of the trademark thereon would amount to a violation and should not be permissible;
- (ii) is not a famous trademark. If the trademark used as a decoration is a famous trademark, use thereof in any class of products should not be permissible;
- (iii) decorative use is not detrimental to the image or reputation of the trademark.

6) *Should trademark law provide for a prior user right? If so, under what circumstances?*

Yes. Prior use rights should be recognized, provided that such prior use has been made (a) in good faith; (b) for a minimum term (say, of six months or more) prior to the second trademark use or registration; and (c) in commercial quantities.

7) *Should trademark law provide for other limitations of trademark rights which have not been discussed above? If so, under what circumstances?*

No.

National Groups are invited to comment on any additional issue concerning limitations of trademark rights which they find relevant.

Note:

It will be helpful and appreciated if the Groups follow the order of the questions in their