

Respostas minutadas por
Eduardo Telles Pires Hallak,
de Momsen, Leonardos & Cia.

Question Q188

Conflicts between trademark protection and free speech

1) Analysis of current legislation and case law

1.1) a) What instrument of your law (eg. Constitution) guarantees the right to freedom of speech?

Article 5, IV and IX of the Brazilian Federal Constitution:

“IV – free manifestation of opinion is guaranteed, being anonymity forbidden;

(...)

IX - intellectual, artistic, scientific and communication freedom of speech are guaranteed, independently of censure or license;

b) What does the right to freedom of speech include? Is both artistic and commercial speech protected? If so, does commercial speech have a different degree of protection?

Article 5, IX of the Brazilian Federal Constitution appoints intellectual, artistic, scientific and communication freedom of speech. But the protection is much broader, being not limited to those. Commercial speech is also protected, but should be carefully analyzed through the prism of unfair competition repression (article 170, IV and article 173, §4º of the Federal Constitution, corroborated by article 195 of the Industrial Property Law). Nevertheless, right to freedom of speech finds its limitations at the protection of one's self image and honor (it is worth pointing out that corporations also enjoy the protection of honor – as they have objective honor, understood as their reputation and credibility before consumers), also protected by the Federal Constitution (Article 5, X).

c) Are also corporations or only individuals entitled to invoke freedom-of-speech arguments?

Both corporations and individuals may invoke freedom-of-speech.

d) Is free speech only protected from unwarranted governmental interference, or is it also implicated when a private party calls upon a court to enforce rules of law whose effect would be to restrict or penalise expression?

Freedom of speech can be called upon in conflicts between private parties, as modern Brazilian legal doctrine and courts admit the German concept, idealized by Hans Carl Nipperdey, of direct application of the fundamental rights between private parties (horizontal effect of the constitutional rights).

1.2) a) How are free speech interests invoked in trademark litigation?

It is often invoked as a defense against the alleged trademark infringement. The direct invocation of the fundamental free speech right also enables the proposition of an Appeal to the Supreme Federal Court, in Brasilia.

b) Is there a provision in your trademark law which specifically concerns the admissibility of

e.g.:

- criticism of another's mark or derogatory reference to another's mark;*
- parody, satire or irony;*
- artist's use of another's mark;*
- using another's mark as a badge of loyalty or allegiance;*
- using another's mark for the purposes of comparison, point of reference, description, identification, or to convey information about the characteristics of defendant's own product*

to the extent that such use may be considered as an exercise of the constitutional right of freedom of speech? (Please specify in case use is understood as involving a non-trademark use in which case the question of freedom of speech does not arise).

Art. 132, IV of the Industrial Property Law (n° 9297/96) determines that the owner of a trademark cannot object a third party's use of his trademark if it is being used (i) **without a commercial purpose** and, cumulatively, (ii) it **doesn't result into damage to the trademark's distinctiveness**. Also, article 130, III of the Industrial Property Law (n° 9297/96) guarantees the right of the owner of a (iii) **trademark to defend its integrity and reputation**.

Therefore, criticism is allowed and supported by the principle of information access (right to information) and the protection of consumers (articles 5, XIV and 5, XXXII of the Federal Constitution, respectively), as long as it is not derogatory and does not present a commercial use. It should not be forgotten that industrial property primal purpose is to identify products' origins and to distinguish a product from another among consumers. As such, anyone should be able to mention a trademark, to refer to it and to trade information over the trademark attitude in the market. Property must fulfill its social function (Article 5, XXIII of the Federal Constitution), as is the case of industrial property too. There is no reason in conferring a trademark absolute protection, as public interests must be put on balance with it.

Parody, satire or irony with artistic or critical objectives are allowed, as long as it does not cause damage to the reputation of the trademark. However, parody, satire or irony used in business life, by competitors, or as an instrument to gain space in the market, benefiting from this unauthorized use, are **not** admitted. The same notion is true when it comes to artistic use of the trademark, differing from the Copyrights Law (article 47), where parody, satire and irony are expressly considered exceptions to copyrights, without limitations (i.e. a parody does **not** constitute copyright infringement even if it is of a commercial nature).

The use of another's trademark as a badge of loyalty or allegiance, by fan clubs for example, is admitted, as long as it is not used "as a trademark" by the hypothetical fan club in order to gain commercial benefits or used in a derogatory way.

Accordingly to the referred Art. 132, IV of the Industrial Property Law (n° 9297/96), use of another's trademark for the purposes of comparison, point of reference, description, identification, or to convey information about the characteristics of defendant's own product is forbidden, given its evident commercial purpose. However, the referred legal disposition is not absolute. Therefore, if the reference to another's trademark has a preponderant informative penchant instead of a solely commercial purpose, and is based on proved facts, it might be allowed by the courts.

Article 132, II of the Industrial Property Law presents another hypothesis: the use of a third party's trademark is allowed when reference is needed so that accessories and its use can be identified by the consumers. As an example, softwares that make reference to its compatibility to one or another type of computer (identified by its trademark). Also, article 132, I of the Industrial Property Law determines that a third party's trademark could be referred to by distributors and traders when commercializing products identified by the trademark in question.

c) If no such provisions exist, how are free speech interests invoked in trademark litigation?

Is there an "open end clause" or "fair use clause" in your trademark law which permits taking into account freedom-of-speech-arguments? If not, are there any other gateways in your trademark law to permeate free speech concerns? Or do courts apply freedom-of speech arguments directly with reference to the constitution?

Art. 132, IV of the Industrial Property Law (n° 9297/96), springs forth from the need of protecting the freedom of speech constitutional right, as well as the constitutional right of industrial property (Art. 5, XXIX of the Federal Constitution). And given the admissibility of the horizontal effects of the fundamental rights and its direct application in Brazil, the provision found on Art. 132, IV of the Industrial Property Law (n° 9297/96) is never invoked alone, as it is just a reflection of the fundamental right of free speech.

Therefore, decisions over freedom of speech–trademark property issues involves a careful consideration – subjected to the principle of proportionality - of those opposing fundamental rights, with directly reference to the Constitution.

d) How much discretion do the courts have in applying free speech concerns?

Most of the abovementioned orientations are taken from the legal doctrine, as there are only **few** decisions by the Courts, and all of them were not at final instance.

1) FIAT vs. MARITÔNIO – Law Suit n.º 001.04.123225-0 before the 4th Civil Trial Court of Campo Grande: in the captioned case, the Defendant bought a Fiat vehicle, but despite the promised 51 days term for its delivery, the Defendant never received his car. The Defendant, thus, created a website using as basis Fiat's website, parodying its logo, advertisements and layout, as well as dressing himself as a clown.

The judge granted an injunction in order to halt the use of the website, considering that the Defendant infringed Fiat's copyrights over its website layout and trademark rights.

2) ARTHA vs. LUCAS MATTOS – Law Suit n.º 002404457238-6 before the 14th Trial Court of Belo Horizonte: in the captioned case, the agency Artha broke the terms of a contract of interchange signed with the Defendant. Revolted, the Defendant created a community in Orkut, Google’s famous relationship website, called “Cheated by Artha”, using the agency’s logo and offending Artha’s owner.

The judge granted an injunction in order to halt the use of the website, considering that the Defendant’s use of Artha’s logo was unauthorized and that his declarations in the community got beyond his right to criticize Artha, damaging the agency’s reputation instead. The parties recently reached an agreement.

3) SÃO PAULO SCHOOL vs. MARCELO RAMOS – Law Suit n.º 20040610085540 before the 2nd Trial Court of Teresópolis: in the captioned case, Marcelo, a former student of São Paulo School, created a personal community in Orkut, called “Holden Caulfield” (alluding to the character from J. D. Salinger’s book – “Catcher in the Rye”), where students (and former students) criticized the school. The community also showed the school’s name and logo in order to identify the school, but not on an pejorative way.

The judge granted a preliminary injunction in order to halt the use of the website, based solely on the fact that the Defendant used the logo and name of the school without authorization, ignoring the Defendant’s right to freedom of speech and art. 132, IV of the Industrial Property Law, as there was no commercial use involved.

1.3) If there are trademark infringement cases in your country where defendant primarily sought to attack a company’s ecological or employment policy, commercial practices and the like, do these cases also address the application of rules prohibiting defamation such as libel and slander or do they focus on the tarnishment of plaintiff’s trademarks only? (The National Groups are not expected to elaborate on their country’s laws prohibiting defamation.)

The abovementioned cases focused on unauthorized use of the trademark and its tarnishment only.

1.4) a) If you consider the trademark infringement cases in your country in which freedom of speech-arguments were invoked what are the criteria applied by courts for determining whether a freedom-of-speech argument is justified? How important is the reputation of the trademark in question? Does it matter whether the use of the trademark in question is noncommercial or may free speech-arguments also be invoked if the trademark use is mainly commercial in nature? Does it matter whether the use of the trademark involves an expression or social discourse of objective/considerable value or a contribution to the public debate? Is the defendant allowed to express his views in a trenchant way? Or is the defendant required to report in a balanced way or even sparingly?

If necessary, please differentiate between:

- criticism of another’s mark or derogatory reference to another’s mark;*
- parody, satire or irony;*
- artist’s use of another’s mark;*
- using another’s mark as a badge of loyalty or allegiance;*

– using another’s mark for the purposes of comparison, point of reference, description, identification, or to convey information about the characteristics of defendant’s own product to the extent that such use may be considered as an exercise of the constitutional right of freedom of speech (please specify in case use is understood as involving a non-trademark use in which case the question of freedom of speech does not arise).

So far, it is difficult to infer any criteria from the few available court decisions. In the abovementioned cases an injunction has been granted, but given the fact that they’re all so recent, a definitive decision has not been reached by any of the first instance judges and the State Courts (second instance) are yet to pronounce over the injunctions.

In Fiat vs. Maritônio, the judge considered that the unauthorized use of Fiat’s website layout and trademark could not be considered an exercise of the constitutional right of freedom of speech.

In Artha vs. Lucas Mattos, the judge also granted an injunction based on the derogatory comments made by the Defendant in his community as well as the unauthorized use of Artha’s logo, disregarding the Defendant’s freedom of speech right in favor of Artha’s trademark rights.

Finally, in São Paulo School vs. Marcelo Ramos, the judge granted an injunction simply based on the trademark’s right to exclusive use, ignoring the fact that there were no commercial use, no loss of distinctiveness, nor damage to the trademark’s reputation.

As such, there are few manifestations of Brazilian Justice, only at injunction level, and so cannot be taken as criteria for determining whether a freedom-of-speech argument is justified or not.

b) Specifically, please describe how joke articles are assessed.

The abovementioned Fiat vs. Maritônio case featured a comic streak, as the Defendant used parody and irony in his protest at the website. The judge granted the injunction based solely on the infringement of Fiat’s rights over the website layout and trademark, as Industrial Property Law has no provision placing parody as an exception, differing from the Copyrights Law.

c) May using another’s mark as a badge of loyalty or allegiance be considered as an exercise of the constitutional right of freedom of speech? Does it matter whether the scarves and other goods are sold to consumers? Does it matter whether the manufacturer indicates that the goods are not original?

There is no court decision that we know of covering these possibilities.

d) To the extent that such use may be considered as an exercise of the constitutional right of freedom of speech please specify the cases in which the defendant is entitled to use another’s

mark for the purposes of comparison, point of reference, description, identification or to convey information about the characteristics of defendant's own product.

There is no court decision that we know of covering these possibilities.

2) Proposals for adoption of uniform rules

The Groups are invited to put forward any proposals for adoption of uniform rules for balancing trademark owner's interests and defendant's freedom of expression concerns. More specifically, the Groups are invited to answer the following questions:

2.1) a) *Should free speech interests be invoked in trademark litigation?*

Yes. As a fundamental right it cannot be simply disregarded when it comes to its possible violation. Also, free speech can serve as an efficient corrective when trademark rights are used excessively or contrary to their functions.

Alongside the constitutional right to industrial property there are various rights of equal value, as freedom of speech, the right to information, the protection of the consumers and the social function of the property, and they must be harmonized by the courts in each case, in order to find an equitable balance between them.

b) If so, should there be provisions in trademark law which specifically concern the admissibility of e.g.:

- criticism of another's mark or derogatory reference to another's mark;*
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- artist's use of another's mark;*
- using another's mark as a badge of loyalty or allegiance;*
- using another's mark for the purposes of comparison, point of reference, description, identification, or to convey information about the characteristics of defendant's own product*

to the extent that such use should be considered as an exercise of the constitutional right of freedom of speech? (Please specify in case use should be understood as involving a non-trademark use in which case the question of freedom of speech does not arise).

It is true that Industrial Property Law should limit itself to regulating the use and protection of the trademark "as a trademark". Any use outside of the economic sector – or "business life" – should be taken into the grounds of civil liability. Nevertheless, the Industrial Property Law would greatly benefit from having specific provisions regulating the limits of trademark rights. As seen in the abovementioned cases, Brazilian courts, despite the admittance of the horizontal effects of fundamental rights, had been hesitant in its application when it comes to trademark law, given its lack of explicit limits before fundamental rights.

Specific provisions would be especially desirable concerning freedom of commercial speech. As the Industrial Property Law sets today, comparative advertisement or even any reference to another's trademark are forbidden in business life. Even, by no means, being an absolute limitation (for example, if reference is needed for the

consumers to identify the use of the product or if reference is made on a market research conducted by an apt institution and the information is given in an impartial way), such restriction over freedom of speech seems too heavy. Of course, criticism and reference can get too far, carrying negative consequences for a trademark and its business, but such excesses should be handled by the courts through an analysis of the case in order to ascertain if there's damage to the trademark and unfair competition. But simple reference should be allowed if it does not implicate into a (i) pejorative or untruthful discourse, (ii) an illicit benefit from the association, (iii) loss of distinctiveness or (iv) confusion between trademarks and products should not be held as a trademark infringement, as it should be salutary to consumers at large.

c) Or should there be an "open end clause" or "fair use clause" or any other gateway in trademark law which permits taking into account freedom-of-speech-arguments? Or should the courts apply freedom-of-speech arguments directly with reference to the Constitution? How much discretion should the courts have in applying free speech concerns?

Evidently, any provision limiting trademark rights would not avert application of fundamental rights. Such provisions would serve only as parameters to better take into account freedom of speech rights, but they would also continue to be applied with direct reference to the Constitution. The referred procedure should not carry any problem to the efficacy of trademark or freedom of speech protection.

2.2) In cases where defendant primarily seeks to attack a company's ecological or employment policy, commercial practices and the like, should these cases be addressed in the context of a potential tarnishment of the plaintiff's trademarks or should rules prohibiting defamation such as libel and slander be applied?

Tarnishment of the trademark and civil liability. The criminal law that prohibit defamation considers those crimes "of minor offensive potential", presenting a summary procedure that avoids imprisonment condemnations, focusing the law suit, instead, on the reparation of the damage perpetrated by the Defendant, encouraging agreements (that would exclude the possibility of seeking civil reparation by other means). Therefore, law suits based on civil liability and tarnishment of the trademark, even if slower, are more efficient, as they allow a greater range of proof production and procedural possibilities.

2.3) a) Should there be limits to free speech in a trademark infringement context?

Yes. Protection of one's self-image and honor and the right to seek reparation for its violation are also fundamental rights (Article 5, X of the Federal Constitution) that should serve as a counterpoint to freedom of speech. Brazilian modern law doctrine and the courts are constantly applying fundamental rights based on the principles of reasonability and proportionality.

b) If so, what should be the criteria be for determining whether a freedom-of-speech argument is justified? How important should the reputation of the trademark in question be? Should it matter whether the use of the trademark in question is non-commercial or should defendant also be entitled to invoke free speech-arguments if the trademark use is mainly

commercial in nature? Should it matter whether the use of the trademark involves an expression or social discourse of objective/considerable value or a contribution to the public debate? Should the defendant be allowed to express his views in a trenchant way? Or should the defendant be required to report in a balanced way or even sparingly?

If necessary, please differentiate between:

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- to the extent that such use should be considered as an exercise of the constitutional right of freedom of speech? (Please specify in case use should be understood as involving a non-trademark use in which case the question of freedom of speech does not arise).*

The reputation of the trademark is important when it comes to the evaluation of the damage caused to its reputation or distinctiveness, as well as in the assessment of possible confusion among consumers. As aforementioned, being the trademark use of a commercial nature, free speech should be more restricted, given the fundamental principle of unfair competition repression (art. 170, IV of the Federal Constitution), and, consequently, would be analyzed mainly through the prism of Industrial Property Law. On the other hand, being the trademark use non-commercial, the case should be analyzed through the prism of civil liability, opposing free speech right and the protection of honor (here understood as objective honor – i.e. reputation and credibility before consumers) and distinctiveness of the mark.

If the use of the trademark involves a contribution to the public debate or a relevant social objective, there’s another fundamental right to be taken into account in justifying it, alongside free speech: the right to information (art. 5, XIV of the Federal Constitution).

Also, the way the Defendant express his views and use the trademark should be analyzed bearing in mind the protection of reputation and distinctiveness of the mark. If the Defendant express himself in an offensive, defamatory way, the damage is evident. A trenchant discourse could possibly cross the thin line of the freedom of speech right, but that could only be assessed by the judge analyzing the case.

As aforementioned, the main criterion when analyzing freedom of speech aspects confronted by trademark rights should be the nature of the trademark use, if it is commercial or not, as the answer of this question shall guide the solution of the case.

c) How should joke articles be assessed?

The orientation concerning joke articles (as well as parody, satire and irony) should be the same found on the Copyrights Law, being, thus, allowed. However, those already referred parameters should be observed:

- 1) being the use commercial in nature, (i) a pejorative or untruthful discourse, (ii) an illicit benefit from the association, (iii) the loss of distinctiveness or (iv) confusion between trademarks and products should be repressed by the courts;
- 2) being the use non-commercial, if there is damage to the reputation and credibility of the trademark it should be repressed by the courts.

d) Should using another's mark as a badge of loyalty or allegiance be considered as an exercise of the constitutional right of freedom of speech? Should it matter whether the scarves and other goods are sold to consumers? Should it matter whether the manufacturer indicates that the goods are not original?

Again, the abovementioned parameters should be applied, observing if the trademark use is commercial or non-commercial in nature.

The fact that the manufacturer indicates that his goods are not original is insignificant to the problem at hand. The manufacturer is, indeed, using the trademark "as a trademark", selling goods associated with it without authorization. That kind of illicit action is obviously repressed by the Industrial Property Law and the Consumer's Defense Code, as the primal purpose of the trademark is violated, the indication of the true origin of the products, causing damage to the trademark owner and consumers in general. The individual right to free speech is clearly surpassing its purpose, violating equally important fundamental rights that should be given precedence in his case, such as the protection of consumers, the right to industrial property, the right to (truthful) information and unfair competition repression.

e) To the extent that such use should be considered as an exercise of the constitutional right of freedom of speech please specify the cases in which the defendant should be entitled to use another's mark for the purposes of comparison, point of reference, description, identification or to convey information about the characteristics of defendant's own product.

The abovementioned parameters should be applied, as follows:

- 1) being the use commercial in nature, (i) a pejorative or untruthful discourse, (ii) an illicit benefit from the association, (iii) loss of distinctiveness or (iv) confusion between trademarks and products should be repressed by the courts;
- 2) being the use non-commercial, if there is damage to the reputation and credibility of the trademark it should be repressed by the courts.

As in the other hypotheses, the trademark use must be contextualized, so that the application of the parameters be possible. Quoting J. Foyer and M. Vivant's metaphor, "intellectual property rights constitute islands of exclusivity in an ocean of liberty" ("Le droit des brevets" 9 – PUF, Paris 1991), therefore the Industrial Property Law is applicable when the use involves the protection of trademarks' primordial functions (identify quality and

origin of products and services and distinguish them among consumers). Outside of this competition level, trademark use should be handled taking into account civil liability mainly, observing, as always, the fundamental rights in question.