PROTECTION OF WELL-KNOWN MARKS IN BRAZIL

João Marcos Silveira

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I. INTRODUCTION

A number of companies establish substantial goodwill in their marks and trade names, and as strong and famous marks are extremely valuable assets in the global market, many international business ventures involve the licensing or use of such marks. However, the "global village" still lacks a framework to provide international trademark protection.

Two basic principles traditionally govern the protection marks are afforded in the great majority of countries worldwide. According to the first of them, the principle of territoriality, the exclusive right related to a mark is limited to the territory of the country where it is registered or legally recognized as a mark. The second one, the principle of speciality, limits the protection exclusively to those products or services to which the mark applies, or to similar or related products or services, if confusion is likely to be caused.

The principles of territoriality and speciality, however, may be partially or totally derogated by the relatively recent phenomenon represented by the so-called *marks of high reputation, well-known, famous, notable, notorious or renowned marks.*

Indeed, as a consequence of mass production and especially of the immense penetration and reach of modern advertising and communication media, certain marks can have their distinctive and attractive features strengthened in such a manner that they require a special and higher level of protection. Both international and comparative law reveal instances where the fact of being well-known enables a mark to deserve special treatment, with regard to the acquisition of the exclusive rights and/or to the scope of the protection granted.

Thus, a mark may have its protection extended to a country where it would normally not be entitled to protection - as a consequence of the principle of territoriality - simply due to its being well-known.

This results from the application of Article 6 bis of the Paris Convention for the Protection of Industrial Property. Article 6 bis requires the contracting states to refuse or cancel the registration and prohibit the use of a mark constituting a reproduction, an imitation or a translation, likely to cause confusion, of a mark considered by the competent authority of the country of registration or use to be **well-known** (*well-known marks, marques notoirement connues, marcas notoriamente conocidas, marcas notoriamente conhecidas*) in that country as being already the mark of a person entitled to the benefits of the Convention and used for identical or similar goods.

Article 6 bis was introduced into the Paris Convention by the Revision Conference of The Hague in 1925, and modified by the Revision Conferences of London (1934), Lisbon (1958), and Stockholm (1967). Its purpose is to avoid both the registration and use of a trademark likely to create *confusion* with *another mark* already *well known in the country of such registration or use*, although the latter well-known mark is not, or not yet, protected in that country by a registration which would normally prevent the registration or use of the conflicting mark[1].

This exceptional protection afforded well-known marks has been deemed to be justified because the registration or use of confusingly similar marks will in most cases amount to an act of unfair competition, and may also be considered prejudicial to the interests of those who will be misled.[2]

A proposal according to which *use* of a well-known mark in the country in which its protection is claimed would *not* be necessary for such protection was rejected by the Revision Conference of Lisbon in 1958, which means that a member State may protect well-known marks which have not been used on their territory, but it is not obliged to do so.[3]

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[1] Bodenhausen, p. 90.
[2] Bodenhausen, pp. 90/91; Actes de la Haye, pp. 453/5.
[3] Bodenhausen, p. 91.

While this rule derogates from the principle of territoriality as regards well-known marks, within the scope of the Paris Convention, it clearly maintains the limit of speciality, to the extent that it only applies in the case of marks used *for identical or similar goods*. Concomitantly, it does not apply in the case of articles or services of different categories.

The Paris Convention, thus, does not provide any mechanism for the protection to a degree beyond the principle of speciality, so as to apply not only in the case of *identity or similarity of goods*, but also covering the use of famous marks regarding unrelated goods, as required by some exceptionally well-known marks, such as the so-called "**marks of high reputation**" (*notorious, renowned or famous marks, marques de haute renommée, grandes marques, marques célèbres ou glorieuses, marcas renombradas, marcas de grande reputação ou renome*).

The solution in these cases, when available, is given by specific provisions of national legislation or by case law constructions, based on general principles of law such as, for instance, the prohibition of the abuse or misuse of rights, unjust enrichment, or even civil liability rules, when injury such as the depreciation or dilution of the mark occurs.

In Brazil, besides the protection conferred by Article 6 bis of the Paris Convention, domestic legislation provides for special protection of marks of high reputation (*marcas notórias*), with derogation - under certain circumstances - from the principle of speciality. Under Brazilian statutory and case law it is also *possible* to claim some protection on the grounds of the above mentioned general principles of law.

It is important to note that in contrast to trademark laws in some other countries, such as the United States, under Brazilian law the first party to register a trademark has the exclusive right to use whether or not such use is authorized by the legitimate owner of the mark, as provided in Art. 59 of the Brazilian Industrial Property Code in effect.

II. THE PROTECTION OF WELL-KNOWN MARKS IN BRAZIL APPLICATION OF ARTICLE 6 BIS OF THE PARIS CONVENTION

Article 6 bis was introduced into the Paris Convention by the Revision Conference of The Hague, in November 06, 1925, which text was promulgated in Brazil by Decree No. 19.056, of December 31, 1929, and received its present wording at the Revision Conference of Stockholm, held in July 14, 1967, partially promulgated in Brazil (Articles 13 to 30) by Decree No. 75.572, of April 08, 1975, with the reservation being made of the substantive provisions of Articles 1 to 12, as permitted by Article 20. The whole revised and amended text entered into force only in 1992[4].

As mentioned above, the protection granted to well-known marks by Article 6 bis constitutes an exception to the principle of territoriality, since its effects are extended to the territory of a member country where such mark is not registered, or in respect to which no application for registration has been made, provided that: a) the conflicting mark constitutes a reproduction, an imitation or a translation likely to cause confusion; b) the mark for which protection is claimed is well-known and used in the country concerned; c) the mark belongs to a person entitled to the benefits of the Convention and d) the conflicting marks are registered or used for identical or similar goods.

The Convention, however, does not provide a definition of what might be considered a "well-known" mark, this task being entrusted to the competent administrative or judicial authorities of each contracting country.

Neither Brazilian legislation nor Brazilian courts have issued such definition, which is somehow understandable, since it is extremely difficult - if not impossible - to qualify in legal terms the attributes of being famous or well-known, these characteristics being purely factual, to be determined case by case.

[4] Decree No. 635, of August 21, 1992.

The essential condition is, undoubtedly, that the mark must be known by the public in general, or, at least, by those professionals and consumers directly concerned, which condition can be objectively established - but normally at huge expense - through surveys. In addition, some other factors are generally considered which may indicate that a mark is well-known, by focusing on qualitative aspects such as, for instance, the originality (distinctiveness) of the mark, the inexistence of identical or similar marks applied to other products or services, the prestige of the mark or its being associated with an exceptional quality of the products or services it applies to. Quantitative aspects can also be taken into account, such as the antiquity of the mark, the extent of its renown, investments in advertisement, duration and intensity of sales, and so forth.

It is relevant to note, however, that such criteria are neither absolute nor necessary, which means that a mark can be deemed to be well-known by taking into consideration some of the mentioned criteria at random, or even only one of them, provided that there is evidence of exceptional distinctiveness, and that consumers immediately associate the mark with a certain product or service.

Whether a mark is well-known in Brazil will be determined by the INPI[5], in the administrative sphere, or by the competent judges or courts, within the Judiciary Power.

The INPI, in its Normative Act No. 123, of August 1994, which sets forth some guidelines for trademark examination, indicates that the examiners, when determining whether a mark is well-known in the sense of Art. 6 bis of the Paris Convention, should take into consideration the knowledge of the mark in the relevant market sector.

Good faith or innocence is not a defense available to the applicant or registrant of a third party's well-known mark: when the applicant's or registrant's goods or services are identical or similar to those the well-known mark applies to, there is a presumption that he knew or must have known of the mark.

[5] Instituto Nacional da Propriedade Industrial (Brazilian Patent and Trademark Office).

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III. THE PROTECTION OF MARKS OF HIGH REPUTATION UNDER BRAZILIAN LAW - ARTICLE 67 OF THE INDUSTRIAL PROPERTY CODE OF 1971

Specific legal treatment for marks of high reputation was first provided for in Brazil with the Industrial Property Code of 1967[6], before which the only protection available was that conferred by the Paris Convention through the text revised at The Hague in 1925 and promulgated by the cited Decree No. 19.056/29, mentioned above.

Article 83 of The Code of 1967 provided for special protection to marks of high reputation in Brazil, including by means of oppositions or appeals available to the registrant against the registration of a mark constituting an imitation, in whole or in part, of his mark, *even when applied to different goods or services*, provided that confusion was likely to be caused as to the source or origin of such goods or services, with damage to the reputation of the mark or that of the registrant, or yet to its distinctiveness or attractive power over consumers. Such norm also provided for the possibility of canceling the registration of a mark imitating a mark of high reputation registered in a foreign country when the foreign registrant so requested within six months counted from the date on which said foreign registrant constituted a company in Brazil, or joined an already existing one, which company was to use the mark at issue. It was also provided that the unauthorized use of a mark in infringement of the protection granted to a mark of high reputation duly registered in Brazil should be taken into account by the judiciary as an aggravation of the penalty imposed in a criminal suit for infringement.

With slight alterations, substantially similar protection was afforded by the subsequent Code, of 1969[7].

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[6] Decree-law No. 254, of February 28, 1967.
[7] Decree-law No. 1.005, of October 21, 1969.

Under the current Brazilian Industrial Property Code, Law No. 5.772, of December 21, 1971, as set forth in its Article 67, marks of high reputation - the term used is **notorious** (*marcas notórias*) - are afforded particularly broad protection, covering *all classes of products and services*. In order for this type of protection to be granted, however, such notorious marks *must be registered* in Brazil:

> "Article 67. A mark considered to be notorious in Brazil, registered pursuant to and for the purposes of this Code, will be granted a special protection with respect to all classes; a special registry will be maintained so as to prevent registration of another mark constituting its reproduction or imitation, in whole or in part, whenever confusion as to the origin of products, goods or services, or damage to the reputation of the mark is likely to be caused.
>
> Sole paragraph. The undue use of a mark reproducing or imitating a notorious mark registered in Brazil, shall be deemed as a factor aggravating the crime provided for in the relevant criminal legislation."

What is peculiar about such special protection assured under the current Code is that it requires a previous and formal recognition of the notorious status of the mark by the INPI, through a proper registration.

Given the fact that the Code does not define the standards for a mark to be considered notorious, nor establish the criteria by which notoriety might be measured, nor determine the procedure for such particular registration, the matter was regulated by the INPI, through its Normative Act No. 46, of November 5, 1980, which sets forth a list of factors and information which may be required in respect of an "application for declaration of notoriety":

IV. SOME STATISTICS

A report published by the INPI in April 1994 indicated that at that time only 153 marks had successfully obtained a "declaration of notoriety", and been afforded special protection under Article 67. 89 of those marks were owned by domestic companies, mostly by companies located in the State of São Paulo, and 64 were owned by foreign registrants, mainly U.S. companies.

TYPE OF MARK	DOMESTIC	FOREIGN	TOTAL
WORD	55	31	86
DESIGN	03	03	06
WORD & DESIGN	31	30	60
TOTAL	89	64	153

FOREIGN MARKS		DOMESTIC MARKS	
COUNTRY	QUANTITY	STATE	QUANTITY
FRANCE	03	AMAZONAS	01
GERMANY	09	ESPÍRITO SANTO	01
HOLLAND	02	MINAS GERAIS	04
ITALY	07	PARANÁ	02
JAPAN	03	PERNAMBUCO	01
SWITZERLAND	12	RIO DE JANEIRO	27
UK	05	RIO GDE. DO SUL	01
US	23	SANTA CATARINA	01
		SÃO PAULO	51
TOTAL	64	TOTAL	89

The report also indicated that most of such notorious marks are related to cigarettes, garments, food and other major mass consumer products:

CLASS[9]	GOODS/SERVICES	DOMESTIC	FOREIGN
01	CHEMICALS	03	-
02	TINCTORIAL MATERIALS	01	-
03	PERFUMES, TOILETRIES AND CLEANING PRODUCTS	06	08
04	FUEL/OIL	02	03
05	PHARMACEUTICALS	-	05
07	VEHICLES	01	08
09	ELECTRO-ELECTRONICS	05	12
11	PERIODICAL PUBLICATIONS	02	-
16	OFFICE SUPPLIES	01	01
19	CONSTRUCTION MATERIALS	02	-
20	DOMESTIC UTENSILS, FURNITURE , GLASS	04	-
23-25	TEXTILES/APPAREL	10	05
28	TOYS	02	-
29-33	FOOD	09	10
34	TOBACCO/CIGARETTES	11	01
35	BEVERAGES	09	08
36	BANKS/FINANCIAL INST.	07	01
37	CIVIL CONSTRUCTION, REPAIRS	01	01

[9] Brazilian classification of goods and services is similar but not exactly the same as the international system.

(continued)

CLASS	GOODS/SERVICES	DOMESTIC	FOREIGN
38	TELECOMMUNICATIONS	05	-
40	PROFESSIONAL SERVICES	02	01
41	SPORTS/CULTURE	06	-
TOTAL		89	64

The following are among the notorious foreign marks mentioned in the INPI's April 1994 report:

MARK	COUNTRY OF ORIGIN	CLASS	GOODS OR SERVICES
ADIDAS	DE	25	GARMENTS
ASPIRINA	DE	05	PHARMACEUTICALS
ASPIRINA (and design)	DE	05	PHARMACEUTICALS
BAND-AID	US	05	PHARMACEUTICALS
BENETTON (and design)	IT	25	GARMENTS
CAMPARI	IT	35	BEVERAGES
CAMPARI (and design)	IT	35	BEVERAGES
CASHMERE BOUQUET	US	03	PERFUMES/TOILETRIES
CINZANO	CH	35	BEVERAGES
CINZANO (and design)	CH	35	BEVERAGES

(continued)

MARK	COUNTRY OF ORIGIN	CLASS	GOODS OR SERVICES
CITIZEN	JP	09	ELECTRO-ELECTRONICS
COCA-COLA (and design)	US	35	BEVERAGES
COLGATE	US	03	PERFUMES/TOILETRIES
DANONE	FR	31	FOOD
DANONE (and design)	FR	31	FOOD
ESSO (and design)	US	04	FUEL
FANTA	US	35	BEVERAGES
FIAT	IT	07	VEHICLES
FRIGIDAIRE (and design)	US	09	ELECTRO-ELECTRONICS
GOODYEAR (and design)	US	70	AUTOPARTS
IBM	US	09	ELECTRO-ELECTRONICS
JOHNSON & JOHNSON (and design)	US	03	PERFUMES/TOILETRIES
LEE	US	25	GARMENTS
LUX	UK	03	PERFUMES/TOILETRIES
LYCRA (and design)	US	23	TEXTILES
MAGGI	CH	29	FOOD
MARLBORO (and design)	US	34	TOBACCO/CIGARETTES
MASTERCARD (and design)	US	36	BANK/FINANCIAL INST.
MELITTA (and design)	DE	16	PAPER PRODUCTS
MERCEDES-BENZ (and design)	DE	07	VEHICLES
MODESS	US	03	PERFUMES/TOILETRIES

(continued)

MARK	COUNTRY OF ORIGIN	CLASS	GOODS OR SERVICES
NESCAFÉ (and design)	CH	30	FOOD
NESTLÉ	CH	31	FOOD
NESTLÉ (and design)	CH	30	FOOD
NINHO	CH	31	FOOD
NINHO (and design)	CH	31	FOOD
OMEGA (and design)	CH	09	ELECTRO-ELECTRONICS
OMO	UK	03	CLEANING PRODUCTS
PALMOLIVE	US	03	PERFUMES/TOILETRIES
PEPSI (and design)	US	35	BEVERAGES
PEPSI-COLA (and design)	US	35	BEVERAGES
PHILIPS (and design)	NL	09	ELECTRO-ELECTRONICS
PIRELLI	IT	07	AUTOPARTS
PIRELLI (and design)	IT	07	AUTOPARTS
RAY-BAN	US	09	EYE-GLSSES
ROLLS-ROYCE	UK	07	VEHICLES
SEIKO	JP	09	ELECTRO-ELECTRONICS
SHELL	UK	04	FUEL
SINGER	US	09	ELECTRO-ELECTRONICS
SINGER (and design)	US	09	ELECTRO-ELECTRONICS
SONY	JP	09	ELECTRO-ELECTRONICS
TEK	US	03	PERFUMES/TOILETRIES
VOLKSWAGEN	DE	07	VEHICLES
XEROX	US	09	ELECTRO-ELECTRONICS

V. SCOPE OF THE PROTECTION GRANTED AND LEGAL TERMS TO CLAIM IT

Under the regime instituted by the Industrial Property Code currently in force[10], during the administrative procedure, which provides for preliminary examination for determining whether a mark is entitled for registration (Article 79), the application for registration may be denied on the grounds of the existence of a mark of high reputation registered according to Article 67 or of a well-known mark in the sense of Article 6 bis of the Paris Convention. Such denial may occur *ex officio*, by the INPI, or alternatively as a result of an opposition or appeal, at the request of interested third parties. It is also provided that the registration be canceled through an administrative procedure before the INPI within the six months following its grant (Article 101).

The Guidelines for Trademark Examination indicate that the protection afforded well-known marks under Art. 6 bis may be invoked by the examiner in an *ex parte* procedure or at the request of an interested third party. In the latter case, the opposing party must be a national or resident of a country which is member of the Paris Convention, must have standing to oppose, and carry the burden of proving that the mark is well-known within the relevant market segment.

In the courts, in turn, several measures can be taken by the registrant of the mark of high reputation which is being infringed, in order to invalidate a registration already granted and/or to prevent the unlawful use of the infringing mark[11], in both cases together with indemnification for the losses incurred.

It should be noted that a lawsuit aiming at the declaration of the nullity of a registration must be brought within five years following the granting of the registration (Article 98). As for the

[10] Law No. 5.772/71.

[11] Possible since the text revised at Stockholm entered into force in Brazil, which happened in August 21, 1992.

action aimed at preventing unlawful use of a mark, the question is not specifically dealt with in the statute of limitations. According to the prevailing case law, the applicable time limit is twenty years, which is the maximum limit provided under Brazilian law. Any judicial request for damages, however, can only be put forward with respect to facts that occurred no more than five years before the filing of the action[12].

Both civil and criminal procedures for enforcement of trademark rights are available in Brazil. As far as remedies are concerned, the Brazilian Code of Civil Procedure provides for indemnification for the actual damages suffered by the registrant of the infringed mark, preliminary and permanent injunctions, including *ex parte* preliminary injunctions and seizures. Although rarely applied in practice, sanctions of a criminal nature are also provided for. Hence, in the case of a registered mark of high reputation, there will be a crime of violation of trademark rights, under Article 175 of Decree-law No. 7.903, of August 27, 1945[13]; in the case of an unregistered well-known mark, there will be the crime of unfair competition, under Article 178, III, of the referenced statute. The sanction provided for in both cases is that of confinement for three months up to one year, together with a fine.

[12] Term prescribed by Article 178, IX, of the Civil Code for suits related to violation or damage to property rights.

[13] Article 128 of Law No. 5.772/71 maintained in force Articles 169 to 189 of the Code of 1945, which regulates the cases of violation of industrial property rights.

VI. THE PROTECTION OF WELL-KNOWN MARKS AND MARKS OF HIGH REPUTATION UNDER THE NEW INDUSTRIAL PROPERTY CODE

The new Brazilian Industrial Property Code, Law No. 9.279 of May 14, 1996, which will be in force as from May 15, 1997, provides for special and different protection for well-known marks and for marks of high reputation:

> Article 125. A mark registered in Brazil considered to enjoy a high reputation will be granted special protection, covering all business activities.
>
> Article 126. A mark considered to be well-known in relation to the business activities concerned in the sense of Article 6 bis (I) of the Paris Convention for the Protection of Industrial Property, enjoys special protection, whether or not previously applied for registration or registered in Brazil.
>
> § 1° - The protection set forth in this Article also applies to service marks.
>
> § 2° - The INPI may reject *ex officio* any application for registration of a mark reproducing or imitating, in whole or in part, a well-known mark.

The new legislation, like the norms currently in force, does not define nor set forth the standards for establishing the well-known nature of a mark, which shall be determined on a case by case basis by the competent authorities.

The special protection of marks of high reputation, not limited by the principle of speciality, is still made conditional upon their registration in Brazil, although the new wording of the provision seems to indicate that the obtention of a "declaration of notoriety" through a particular procedure will no longer be a requirement for the granting of the protection - even though there are no indications as to how Article 125 of the new Code will be regulated by INPI.

Article 126 reproduces in the Brazilian domestic legislation the provision of Article 6 bis of the Paris Convention. It expands its scope of application, however, to the extent that it provides for its application also in regard to service marks, which was already admitted but only through an analogic treatment. Also, and more importantly, it eliminates the requirement regarding the effective use in Brazil of the well known mark.

The new legislation complies with Article 16 of the GATT/TRIPs Agreement, which expands the protection offered to well-known marks under Article 6 bis of the Paris Convention, determining that well-known marks should be protected even in the case of signs used in connection with different goods or services, if such use would indicate a connection with a registered mark likely to damage the registered mark owner's interest.

Article 16 of the GATT/TRIPs Agreement also provides that, in determining whether a mark is well-known, knowledge of the mark in the relevant public sector must be considered. This includes knowledge obtained from the mark's promotion, which may include any promotion in international trade.

VII. CONCLUSION

In brief, the protection afforded well-known marks under Article 6 bis of the Paris Convention, with derogation of the principle of territoriality, but subject to speciality, can be claimed in Brazil both at the administrative and judicial levels; the competent administrative or judicial authorities remain entrusted with the task of defining notoriety, in the absence of a definition or standards clearly established in the relevant legislation besides the general lines set forth in Article 16 of the GATT/TRIPs Agreement.

The legislation currently in force in Brazil provides for special protection covering all classes of products and services to registered marks declared to be notorious through a specific procedure regulated by the INPI, with derogation from the principle of speciality. Such protection is not similar nor exactly complementary to that afforded by the Paris Convention, each applying to different situations.

A broad protection to marks of high reputation not registered in Brazil, with derogation of both principles of territoriality and speciality, is not expressly provided for in the legislation currently in effect; such protection is therefore subject to judicial recognition on the grounds of general principles of law.

The new Brazilian Industrial Property Code, which will replace the 1971 Code currently in force as from May 15, 1997, will grant well-known marks a broader protection by eliminating the requirement of use in Brazil. Special protection will be maintained for marks of high reputation registered in Brazil, regardless of the products or services, but probably under a more simplified procedure.

JOÃO MARCOS SILVEIRA

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