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EDITOR'S NOTE

From time to time in the course of human events, *The Trademark Reporter* (TMR) publishes a theme issue. This is one such time. The theme is trademark use.

As the TMR has become increasingly international in focus in recent years, it gives us special pleasure to include in this issue articles focusing on not only United States law but also European law, Chinese law, Brazilian law, and Canadian law, as well as the unique insights and perspectives that come from comparing and contrasting the differing legal regimes. The issue includes articles addressing practical considerations arising from new methods of using trademarks in new media environments; comparing the differing legal structures (common law and use-based on the one hand and civil law and non-use-based on the other) in the United States and Europe; examining the ways in which these differing legal systems have regulated (or not) often highly controversial keyword advertising that forms the backbone of Internet commerce; describing emerging trends in China, particularly regarding what is fair use; elucidating use and registration requirements under Brazilian trademark law (including new developments there); defining trademark use and how the manner of use affects registration, enforcement, and cancellation in Canada (again including new legal developments); analyzing the leveling effects of the Internet in establishing trademark use and trademark rights under U.S. law and the consequences of non-use—namely, abandonment. How “use in commerce” is treated by the Trademark Trial and Appeal Board as distinct from the United States district courts is even at the heart of a case currently pending before the United States Supreme Court.

This summary barely scratches the surface of the use-related issues presented on these pages. On behalf of all of the editors, I hope it sparks timely and topical insights and is, of course, eminently useful.

Jonathan E. Moskin
Editor-in-Chief

USE OF UNREGISTERED AND REGISTERED TRADEMARKS: THE BRAZILIAN SYSTEM*

*By Elisabeth Kasznar Fekete***

I. INTRODUCTION

This article covers the main features of the use of trademarks from the perspective of the Brazilian legal system. After a brief historical description of the statutory law, specific examples of administrative and judicial decisions will be given. Discussion will include recent legislation that pertains to highly reputed marks—in particular, the enactment by the Brazilian Industrial Property Office (“BPTO,” or Instituto Nacional da Propriedade Industrial (“INPI”)) of the 2013 resolution that modifies the procedure for obtaining high-repute trademark status, and the “General World Cup Act” enacted to recognize the high-repute trademark status of all of the symbols owned by La Federación Internacional de Fútbol Asociación (FIFA).

Under Brazilian law, the registration of a mark grants a property right, the owner being guaranteed exclusive use thereof throughout the national territory. Also, the registrant or applicant is guaranteed the right to assign the registration or application, license its use, and care for its material integrity or reputation, which includes the right to restrict third parties from unauthorized use of its trademark (Articles 129 and 130 of the Brazilian Industrial Property Law—Law No. 9.279/96, of May 14, 1996, hereinafter referred to as the “BIPL”).

As intangible assets, trademarks acquire their visibility through use, which must be public and follow certain conditions in order to be recognized by law as capable of granting rights to the user. This article will examine the legal effects of the use of trademarks from two complementary perspectives: acquiring

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rights through use of an unregistered mark and requirements of use for maintaining the validity of registered trademarks.

II. RIGHTS DERIVED FROM USE OF AN UNREGISTERED MARK

A. Legal Background

While the property right is acquired by the registration of the mark, the use of an unregistered sign complying with specific conditions also grants certain rights, such as the preference for registration and the possibility to sue competitors for misleading use. Even if these rights were not always clearly established in the law, Brazilian scholars and courts have supported their existence since at least the early 1970s. Classical authors like Pontes de Miranda, Gama Cerqueira, and Nelson Hungria considered use of a competitor's unregistered trademark to be a fraud.

Statements from Brazilian courts vary from the primary recognition that the defense of an unregistered mark is possible (in *Sabor de Fruta Sucos Ltda. v. Pizzaria Pires Ltda.*, where the court recognized that the previous user in good faith of the mark PIZZA PARK had the right to obtain its registration and cancelled the previous registration of the same mark granted on behalf of Pizzaria Pires Ltda.¹) to the more audacious view of the existence of a property right in unregistered marks (in *S/A Costa Pinto Comércio e Indústria v. Bemtel - Promoções e Propaganda Ltda.*, where it was decided that the undue use of the unregistered mark PRESENÇA DE PORTUGAL NO BRASIL ("Presence of Portugal in Brazil") by a competitor at a fair and in advertisements generated the obligation to pay damages to the prior user, pointing out rights based not on a registration, but on the property of the expressions and signs existing before the registration²).

In a more prudent decision, the prior user's intention was the criterion followed by another court when deciding the case *Ind. e Com. de Maquinas Agrícolas Nardini S/A v. Zselics & Cia.*, where the court held that the plaintiff could prevent the undue use of its trademark NARDINI by a competitor. The prior user was using the mark but had failed to renew its corresponding registration. Consequently, the court determined that the plaintiff "had not abandoned the mark."³

As a civil law country, Brazil's statutory rules must be established to permit enforcement. The law has evolved in this

1. TRF2, AC. 375375 RJ, Second Chamber, Court Reporter: André Fontes, DJU 30/05/2007.

2. TJRJ, No. Ap. No. 86.035, Court Reporter: Des. Martinho Garcez Neto, 22.09.1972, RT 76/483.

3. TJSP, Ap. No. 241.308, Court Reporter: Des. Lafayette Salles Júnior, 18.03.75, RT 75/480.

field, because the present Brazilian Industrial Property Law has come to recognize more scenarios than the one described above, granting rights to the prior user of an unregistered mark in three specific situations (which will be described below): famous marks, prior use in good faith for at least six months before a third party's application, and marks that the later user could not fail to know.

B. Famous Marks

1. Concept and Types of Famous Marks

The **first category** of recognition of rights on unregistered signs is that of famous trademarks. Under Brazilian law, two types of famous marks are foreseen, both receiving special protection, but under a different scope: highly reputed and well-known marks.

a. Highly Reputed Marks

According to Article 125 of the BIPL, "marks registered in Brazil and deemed to be of **high repute** shall be afforded special protection in all fields of activity."⁴ Defined as such is "that *sui generis* mark, or the one that, until the time it was previously idealized, conceived or even adopted, had no other pre-existing mark that could serve it as a base" and "the mark which, even if not used in the country in which protection is claimed, is deemed to enjoy a high repute either in that country or at an international level."⁵

The marks in this category are protected in all fields of activity, that is, third parties may not register or use any similar or identical trademark in any field of activity. In this regard, "[a] much broader field of protection is attributed to a highly reputed mark than the one attributed to a well-known mark. In this sense, the high reputation of a trademark must exist in all fields of activity and not only within the consumers of the products or services claimed by the owner of such trademark."⁶

In the past, due to the absence of a specific administrative procedure, the owner had to find judicial support recognizing the high repute status of its mark in order to be able to force the BPTO to reject trademark applications or registrations that infringed such protection. In January 2004, Resolution No. 110/2004 was published by the BPTO and set the procedures to obtain the

4. Called presently in Brazil *marca de alto renome* (*marca notória* under the previous law).

5. The first definition is that of J.C. Tinoco Soares, in his article *Marca de Alto Renome e Marca Notoriamente Conhecida*, No. 24 Revista da ABPI, 11-17 (September–October 1996). The author cites the second definition from AIPPI Annuaire 1990/VII, p. 89.

6. Rodrigo Lopes, *A Lei da Propriedade Industrial e o Tratamento Conferido às Marcas de Alto Renome e Notoriamente Conhecidas*, 90 Revista da ABPI 47-48 (September–October 2007).

protection of highly reputed marks, including the presentation of strong evidence to prove the status of the mark.

After Resolution No. 110/2004 came into force, the status of high repute could be obtained only if requested incidentally before the BPTO by means of an opposition or an administrative nullity procedure, challenging a third-party application or registration of a mark that reproduced the one considered of high-repute status, in any field of activity. In December 2005, Resolution No. 121/2005 was published by BPTO regarding highly reputed trademarks, improving some aspects of the previous resolution, which was cancelled.

In 2013, the proceeding for recognition of the high-repute status was changed by the BPTO, with the publication of Resolution No. 107/2013. The owner now must file a petition before the BPTO, requesting the recognition of this status in connection with its registered trademark.⁷ Furthermore, it is also necessary to present strong evidence in support of the image of quality Brazilians associate with the trademark, its notoriety, acceptance, prestige, reputation, and renown among the public, and many other factors that show its relevance in the Brazilian marketplace, many of which have a strong relation to the use of the trademark.⁸

Despite the protection of highly reputed marks, in 2012, Brazil passed an act commonly known as the “General World Cup Act” (Lei Geral da Copa) in order to meet the demands of La Federación Internacional de Fútbol Asociación (FIFA) and thus enable the country to host the World Cup in 2014. Among the demands that became law, one that stands out is the BPTO’s obligation to recognize as highly reputed trademarks all emblems, official mascots, and any other symbol owned by FIFA and appointed by this organization in a list to be registered by the BPTO. The list of designated symbols could be updated until the World Cup event. The high-repute status recognition is automatic and lasts from its publication by the BPTO until the end of 2014. Neither these trademarks nor their reputedly high quality can be challenged by the BPTO or third parties.⁹

7. Before this Resolution, requests for recognition of a trademark’s high-repute status would have been submitted to the BPTO incidentally, when an objection was made to a trademark that belonged to a third party, either by means of an opposition or an administrative nullity proceeding.

8. According to the current resolution, the main aspects that must be presented as evidence for a trademark to be recognized as highly reputed by to the Brazilian PTO are: (i) being considered so by a wide portion of the public in general; (ii) the high quality, reputation, and prestige that the public attaches to the brand as well as to the products or services that it marks and (iii) being recognized as a unique and distinctive brand.

9. La Federación Internacional de Fútbol Asociación (FIFA) had discretion to appoint any word as its own, to enjoy the protection of the high-repute status, and a fast track, considering that the proceeding for recognition of the high-repute status of a regular trademark may take several years.

b. Well-Known Marks

On the other hand, the protection of *well-known* marks is set forth in Article 126 of the BIPL: “marks that are well-known in their field of activity in the terms of paragraph (1) of Article 6*bis* of the Paris Convention for the Protection of Industrial Property will enjoy special protection, independently of whether they have been previously filed or registered in Brazil.” AIPPI defined a well-known mark as “a mark which is known to a large part of those involved in the production or trade or use of the goods concerned, and is clearly associated with such goods as coming from a particular source.”¹⁰

Until the 1990s, this special protection was applied only by the courts in accordance with the Paris Convention. The BPTO, which previously was indifferent to the protection of unregistered marks afforded by the Paris Convention, changed its position to recognize them fully in recognition of the corresponding principle set forth in Normative Act No. 123, of August 8, 1994.¹¹ This act has been recently revoked, but the BPTO still follows its principles.

The Brazilian law implemented through the above-mentioned Article 126 is the principle behind paragraph (1) of Article 6*bis* of the Paris Convention. Thus, if a person entitled to the benefits of the Convention owns a mark considered well known, another entity’s registration can be rejected or cancelled by the BPTO, *ex officio*.¹² Similarly, at the request of an interested party, a judge can forbid the use of the mark, provided that such mark identifies identical or similar goods, and that it constitutes a reproduction, an imitation, or a translation, or when its essential part is likely to cause confusion with the mark considered to be well known in Brazil (i.e., the country of registration or use).

According to the BPTO’s guidelines, the owner that claims to possess a well-known trademark must prove such status with sufficient evidence. Nevertheless, the BPTO is also entitled to recognize *ex officio* that a trademark bears “well-known” status, independently of the submission of previous evidence by its owner. In this context, for instance, the BPTO has been rejecting registrations for trademarks that imitate or reproduce

10. See AIPPI, Question 100—“Protection of Unregistered but Well-known Trademarks (Article 6*bis* of the Paris Convention) and Protection of Highly Renowned Trademarks.”

11. José Antonio Faria Correa, *O Projeto de Lei da Propriedade Industrial e o TRIPS—A fraude na apropriação de marcas não pré-registradas*, 17 Revista da ABPI 35 (July–August 1995). According to the author, “the protection of well-known marks, as defined in Article 6*bis* of the Paris Convention, has as etiology the repression of situations of unjust enrichment that, at the same time, harm the consumer’s fundamental right of choosing, through the mark, the desired product or service. As such, it does not need evidence of the unjust enrichment nor of the possibility of confusion by the consumer” (p. 36).

12. The *ex officio* procedure was created by paragraph 2 of Article 126 of the BIPL. According to paragraph 1 of the same article, the protection afforded to well-known marks applies also to service marks.

unregistered well-known trademarks, as, for example, the registration of the composite trademark MECÂNICA NACIONAL for imitating the figurative element of the well-known composite trademark owned by BMW.¹³

In other words, the owner of an unregistered trademark that is considered to be well known in its field of activity may present an opposition, request a cancellation, or file a lawsuit to annul a third party's registration for an identical or similar trademark. In addition, the owner may take other measures necessary to prevent a mark's unauthorized use. For example, a Brazilian court, in *Vibrachoc S.A. v. Vibrachoc Engenharia e Comércio de Elastômeros Ltda.*, recognized the plaintiff's mark VIBRACHOC to be well known, even though it had never been registered, but was in use since 1953. The court ruled that it be removed from the defendant's trade name.¹⁴

Alternatively, as established by Article 166 of the BIPL, the proprietor of a mark registered in a country that is a signatory to the Paris Convention may, by means of a court action, claim the assignment of the registration in its favor if it was obtained by an agent or representative of the former without its authorization in accordance with the terms of paragraph (1) of Article 6septies of the Convention.¹⁵ In *Faster S.P.A. v. Dynamics do Brasil Metalurgia Ltda.*, where the defendant's registered mark FASTER was at issue, the court ordered its transfer to the plaintiff, who owned the registration of the mark in several countries, and which was considered well known in Brazil.¹⁶

However, Article 158, § 2 of the BIPL expressly sets forth the conditions required for the enforcement of rights associated with unregistered well-known marks, namely: the owner of a well-known mark must prove that it filed an application for the registration of its mark within sixty days of filing the opposition, administrative nullity procedure, or judicial nullity action that challenged the application or registration of the third party's mark.

Comparing both categories of famous marks—highly reputed and well known—from the point of view of the protection granted independently of registration by the user that claims protection,

13. Application No. 820204463 for composite trademark MECÂNICA NACIONAL, filed in Brazilian Class 37:43 (repair, maintenance, and cleaning services of vehicles, motors, and their parts) by Mecânica Nacional Ltda. on September 15, 1997.

14. TJ SP, APL No. 880839520008260000 SP, Eighth Chamber, Court Reporter: Salles Rossi, 26.10.2011.

15. On the other hand, according to Article 6septies (2) of the Paris Convention, the owner of the mark shall be entitled to oppose the use of its mark by its agent or representative if it has not authorized such use.

16. TRF 2, APELREEX. No. 200851015235643, First Chamber, Court Reporter: Aluísio Gonçalves de Castro Mendes, 29/11/2011.

one can trace distinctions and common points. One important distinction is, for instance, that only concerning the second category does Brazilian law focus specifically on the protection granted to unregistered marks. A common point that stands out is that both categories produce the same effect of forbidding the use and the registration of identical or similar marks by third parties, in any class of products or services (for the first category) or in the same field of activities (for the second category).

This is similar to the approach of Article 16.3 of TRIPs, according to which “Article 6*bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use,” whereby well-known and highly reputed marks receive equal protection.

2. Territory Considered for Fame

Analyzed from the territorial perspective, the provisions below set forth the recognition of fame:

- i. of highly reputed marks in the Brazilian market, provided that this status has been acknowledged by the BPTO through a specific proceeding;
- ii. of well-known marks, independently of whether they have been previously filed or registered in Brazil, as long as they are well-known in Brazil as already belonging to an entity that used the brand for identical or similar goods.

Thus, if an opposition, cancellation action, or lawsuit is based on: (i) a highly reputed mark, it needs to be famous in Brazil in any field of activities and must have this status formally acknowledged by the BPTO; (ii) a well-known mark, it has to be known in its specific field of activities in Brazil.

The first rule was applied in many cases, such as in *Visa International Service Association v. Indústria de Laticínios Pauliminas Ltda.*, where the court ruled that the highly reputed mark VISA has protection in all classes of products and services even if there is no possibility of confusion in the marketplace.¹⁷ Similarly, in *BOMBRIL MERCOSUL S/A v. ADEMILTON OLIVEIRA FRAGA ME*, the court held that the defendant’s mark SUBRIL could cause confusion among consumers once it was used in the same market segment that it was similar to the plaintiff’s

17. Superior Court of Justice, Special Appellation No. 951.583, October 27, 2009.

mark BOMBRIL, which enjoyed high repute under both Article 6 of the Paris Convention and other national laws.¹⁸

3. Standards Considered for Fame

Many studies have focused on the criteria for acquiring the status of a “well-known mark,” such as the WIPO working program on the protection of famous and well-known marks.¹⁹ However, WIPO’s resolution on this subject does not provide a binding definition as to which requirements trademarks must meet to be protected as “well-known.”²⁰

In Brazil, “the fame of a trademark depends on a set of efforts undertaken by the owner, with a quantitative and qualitative approach. These include the expenses with advertisement and publicity that are required to reach such reputation. The trademark is considered famous due to its own efforts, in spite of any designation given by the Judiciary. Meaning that the mark isn’t famous just because the judge determined that it would be. The judge must not make permanent a factual situation that depends on the consumers’ voluntas et opinio, once the judge’s rationality does not replace the consumers’ impressions.”²¹

To determine whether a mark is famous, countries that adhere to TRIPs must take into consideration how broadly the mark is known in the pertinent sector, as well as the awareness gained as a result of promoting the mark (Article 16(2)).

As for highly reputed marks in Brazil, the BPTO has set forth rules concerning the standards for a trademark to be considered famous and achieve the status of highly reputed mark. In this regard, the owner must demonstrate that the registered mark has a wide presence throughout the country, creates a high level of awareness, and enjoys a good reputation. Furthermore, the mark must be considered unique and distinctive. Resolution No. 107/2013, currently in force, presents a list of documents that may help demonstrate the high-repute status of a mark.²²

18. TRF2, Ap. No. 558008, Court Reporter: Des. Marcelo Pereira da Silva, 26.11.2013.

19. See A. Kur. *The WIPO Recommendations for the Protection of well-known marks*, 31 IIC International Review of Intellectual Property and Copyright Law 824-845 (2000).

20. H. Götting, *Protection of well-known, unregistered marks in Europe and the United States*, 3 IIC International Review of Intellectual Property and Copyright Law, 407 (2000).

21. Barbosa, Pedro Marcos Nunes, *As Marcas de Alto Renome Perante o Princípio da Função Social da Propriedade*, 110 Revista da ABPI, 15 (January–February 2011).

22. The documents suggested by the BPTO to demonstrate that a mark is of high repute are: (1) Date when the trademark started to be used in Brazil and abroad; (2) Profile and portion of the (i) users or potential users of the products/services covered by the trademark and (ii) potential users of the products/services covered by the trademark that immediately and spontaneously associate the trademark with the product/service to which it applies (degree of awareness); (3) Profile and portion of the (i) users or potential users of the products/services covered by the trademark and (ii) potential users of the products/services covered by the trademark that immediately and spontaneously identify

*C. Prior User's Preferential Right of Registration*²³

1. Concept

Brazilian scholars have noted that the prior use of a mark has become a highly significant and unquestionable moral right.²⁴ This understanding has been implicitly validated by courts, such as in the case *Dragerwerk Aktiengesellschaft v. Air Safet Ind. E Com. Ltda.*, where the federal circuit judge, recognizing the previous use of the mark COMBITOX by the plaintiff, ordered the cancellation of the registration of an identical mark obtained by the defendant in the same class for similar products.²⁵

The Brazilian law contains a specific provision according to which any person, who, in good faith, at the date of priority or the date of application, had been using in Brazil an identical or similar mark for at least six months to distinguish or certify an identical, similar or related product or service, shall have preferential rights to registration (Article 129, § 1 of the BIPL). Thus, in this situation,²⁶ the user of a certain unregistered mark may challenge a third party that has registered an identical or similar trademark in connection with identical or related products or services, as long as it proves prior use during a minimum period of six months before the date of the third party's application.

The "preference right" is not new in Brazilian legislation; the former IP law had already foreseen a similar rule, but it established a deadline for the plaintiff to file its own application sixty days from its challenging procedure.²⁷ Thus, under the previous law, courts had sufficient grounds to decide that the user

the trademark by its tradition and its qualification in market; (4) Means of commercialization of the trademark in Brazil; (5) Geographical amplitude of the effective commercialization of the trademark in Brazil and, eventually, abroad; (6) Trademark promotional channels in Brazil and, eventually, abroad; (7) Investment by the owner in publicity/advertising of the trademark in the Brazilian media, in the last 5 (five) years; (8) Volume of sales of the product/service in the last 5 (five) years; (9) Economic value of the trademark booked in company assets; (10) Profile and quantity of consumers, in Brazil, affected by the medias in which the trademark owner announces its trademark; (11) Information about (i) risk (or effective) of dilution of the distinctiveness capacity or (ii) parasitism in connection with the trademark in reference; (12) Information that connects the public with the trademark values; (13) Information that demonstrates the degree of the consumer's confidence in relation to the trademark.

23. About Brazilian law, see P.R.C. Figueiredo, *O pré-uso com fonte de direitos em relação às marcas*, Anais do XXI Seminário Nacional da Propriedade Intelectual 89-92 (2001).

24. Clóvis Costa Rodrigues, in *Concorrência Desleal*, p. 134.

25. TRF 2, AC No. 323165 RJ, Court Reporter: André Fontes, September 26, 2006.

26. It is called "direito de precedência" in Portuguese, meaning "precedence right."

27. Article 96 of the 1945 Industrial Property Code, which was succeeded by Law No. 5772 of 1971 and after it by the present law. See L.E. Montaury Pimenta, *Uso anterior de marca como fundamento para impugnação a pedido de registro de marca*, 24 Revista da ABPI 31-32 (September–October 1996).

who claimed rights in an unregistered mark had to file an application for it as a condition for exercising the user's rights. In *Bloco Carnavalesco Dengo da Bahia v. BPTO and Abrahim Majdalani Filho*, the plaintiff's request for annulment of registration of its mark DENGO DA BAHIA by the second defendant, based on its previous use, was rejected by the court because the former had not filed for registration before the deadline. In this case, the fact that the plaintiff had not opposed the defendant's application nor filed other appeals at the administrative stage was also taken into consideration.²⁸

It remains a controversial topic whether the user of an unregistered mark must file its own trademark application within a sixty-day term, counted from the filing of its opposition, administrative nullity procedure, or judicial nullity action onward. Article 158, § 2 of the BIPL, already mentioned above, and which created such filing obligation, did not refer to the cases of previous use mentioned in Article 129, § 1, leaving uncertainty on this issue.

While there is a gap in present law with regard to the filing condition and its deadline, there is a special rule concerning the assignment of the preferential right in order to prevent fraud and abuse. The preferential right can only be assigned together with the whole business of a company or the part thereof that has a direct relation with the use of the mark, by transfer or leasing (Article 129, § 2 of the BIPL). In other words, the preferential right may not be transferred with the trademark if the whole business is not transferred to a new owner. It is worth noting that the preference right follows the rules of the Civil Code on assignment of rights and that it is subject to attachment.²⁹

2. Preliminary Injunctions

Only in the three scenarios treated herein (BIPL, Article 126 and Article 129, § 1, already cited, and Article 124, XXIII, referred to in Part II.C. herein below) can the owner of an unregistered mark, when filing a lawsuit aiming to annul a third party's trademark registration and to prevent its undue use, seek a preliminary injunction in order to immediately suspend the effects of the challenged registration (i.e., before a final decision is rendered by courts), as well as its use. So, judicial nullity proceedings may be instituted by the BPTO or by any person having a legitimate interest. During the course of the proceedings the judge may grant an injunction suspending the effects of the registration and the use of the mark, provided that the relevant

28. TFR, Ap. No. 68.379/82, Court Reporter; Min. Armando Rolemberg, 15.12.1982.

29. See R.L. Sichel, *Direito de Precedência*, Anais do XXI Seminário Nacional da Propriedade Intelectual 94-95 (2001).

procedural requirements are complied with (Article 173 of the BIPL).

Regarding highly reputed and well-known marks, the filing requirement established in Article 158, § 2 must also be met in order to obtain the granting of the injunction and to ensure it remains in effect.

3. Standards of Prior Use

There are no statutory requirements concerning the quality or amount of use of an unregistered mark, but the BPTO follows some guidelines for examination, namely: the use must be effective and continuous in relation to the products or services claimed by the user of the unregistered sign.

For the preference right described in Article 129, § 1 of the BIPL addressed in this article, in the author's opinion, it is not necessary that the trademark under issue has "the prominence or secondary meaning, which is generally also considered as the prerequisite for protection as an unregistered trademark, or an expression of commercial success" to which some authors refer in other contexts.³⁰ However, the evidence of the previous use must be made in a way to prove it was made on commercial scale, certainly taking into consideration the kind of product or service covered.³¹

4. Prior User's Time Limit to Exercise Its Preference Right

The timeline to exercise the preference right deserves special attention. At opposition stage, there is no doubt that the prior user's preference right can be enforced, as it is expressly stated in Article 129, § 1 of the BIPL. However, literature is divided with regard to the point at which the owner of an unregistered mark can challenge a third party's trademark application or registration after opposition—that is, through an administrative cancellation proceeding³² or through a judicial annulment action.³³

30. Like H. Götting, *Protection of well-known, unregistered marks in Europe and the United States*, 3 IIC International Review of Intellectual Property and Copyright Law, 389-390 (2000).

31. See L.E. Montauray Pimenta, *Uso anterior de marca como fundamento para impugnação a pedido de registro de marca*, 24 Revista da ABPI 31 (September–October 1996). The author cites several judicial decisions in his article.

32. Such proceeding may be commenced *ex officio* by the BPTO or by request of any person with a legitimate interest, within 180 (one hundred and eighty) days counted from the date of issuance of the certificate of registration, as per Article 169 of the BIPL.

33. The limitation for bringing an action for declaring the nullity of a registration is five years counted from the date of registration (Article 174 of the BIPL), but in the case of marks registered or used in bad faith, no statute of limitations runs for requesting their

Some scholars understand it as permissible in both situations, because the BIPL does not specify any time frame and the Federal Constitution states in its Article 5, XXXV, that the law will not exclude any act from consideration by courts.³⁴

A second group of scholars understands that the preference right is an exception to the attributive system, and as such, rules must be restrictively interpreted. Considering that the preference right refers to registration, it must be pursued by the previous user during the procedure for obtaining the registration of the mark by a third party.³⁵

A third group of scholars defends the argument that invoking rights on an unregistered mark after a certain stage would harm the need for legal certainty. According to this school of thought, the prior user could initiate an administrative or judicial nullity action only if an opposition had already been previously filed, with no success. Likewise, the BPTO has understood in its Guidelines that a third party may claim the prior use of a trademark exclusively at the opposition stage.³⁶ Supporting this opinion, it was decided by the court that the owner of a trademark may claim the prior use right any moment before the trademark is granted by the BPTO.³⁷

Some of those in the first group note that a condition for having the preference right acknowledged, whether through an opposition, administrative, or judicial annulment proceedings, is that the user must apply for the registration of its own mark, as determined by Article 158, § 2.

The third group has in its favor the fact that even if the registered mark cannot be opposed anymore, an action for unfair competition can still be filed at court by the prior user of the unregistered mark against his competitor that also has no registration. Accordingly, such action would not be based on trademark reproduction or imitation, but on unfair competition, be it for the use of fraudulent means to divert another's clientele or by acts that tend to cause confusion between commercial or industrial establishments or providers of services, or between products and services placed on the market (all of which constitute acts of unfair competition under Articles 195, III, and 209 of the BIPL).

cancellation or the prohibition of their use, in accordance with Article 6bis (3) of the Paris Convention.

34. R.L. Sichel, *Direito de Precedência*, Anais do XXI Seminário Nacional da Propriedade Intelectual 95-96 (2001).

35. Denis Borges Barbosa, *Direito de precedência ao registro de marcas*. Available at denisbarbosa.addr.com/precedencia.pdf, accessed June 27, 2014.

36. BPTO's Guidelines for analyzing trademarks, 11/12/2012.

37. TRF 2 REEX No. 200951018071650, Second Chamber, Court Reporter Nizete Antonia Lobato Rodrigues, 24.04.2012.

***D. Third Party's Mark that
the Applicant Could Not Know***

The third situation that grants rights to the users of unregistered trademarks is that of imitation or reproduction of a mark of which the applicant could not deny awareness. In this case, the respective registration is forbidden as readily declared in an amendment introduced by the BIPL currently in force. The difference with regard to the assumptions described above is that, in this case, the mark does not need to be a “famous” one in the sense of Article 125 (highly reputed marks) and Article 126 (well-known marks) of the BIPL, already mentioned.

This principle focuses on signs that imitate or reproduce, wholly or in part, a mark of which the applicant could obviously not fail to have knowledge in view of its activity, and of which the owner is established or domiciled in the national territory or in a country with which Brazil maintains an agreement or guarantees reciprocity of treatment, if the mark is intended to distinguish a product or service that is identical, similar, or akin, and is likely to cause confusion or association with the proprietor's mark (Article 124, XXIII, of the BIPL).

For example, in *Aventis Pharma Deutschland GMBH v. Royton Química Farmaceutica Ltda.*, the court recognized that the marks CLOFAREN and CLAFORAN could not coexist to designate pharmaceutical products, because such coexistence could cause confusion among consumers and could be characterized as unfair competition. The parties' field of activities being the same, the plaintiff could not ignore the existence of the trademark CLAFORAN owned by its competitor. The registration for the trademark CLOFAREN was cancelled.³⁸

**III. REQUIREMENTS OF USE FOR
MAINTENANCE OF REGISTERED TRADEMARKS**

With regard to requirements of use, instead of a plurality of hypotheses to be considered, as observed concerning unregistered marks, only two policies exist: optional or mandatory use of the trademark.

In the optional system, there are no requirements concerning the use of a mark to obtain or to maintain its registration. The mandatory system imposes the necessity of using the mark either before or after the application or registration in order to keep its validity.

Brazil adopts the mandatory system and, therefore, the mechanisms regarding the obligation of use are discussed below.

38. TRF2, EIAC No. 200951018099635, First Chamber, Court Reporter: Antonio Ivan Athié, June 27, 2013.

A. Time Limit to Start Use

In Brazil, a cancellation procedure can be started at the request of any person having a legitimate interest, if after five years after granting of the trademark registration, on the date of the request, its use in the country has not been initiated or if the use of the mark has been interrupted for more than five consecutive years (Article 143 of the BIPL). In other words, in case any interested third party requests the forfeiture of a trademark registration, the effective use of the trademark within a five-year period counted from the forfeiture request backwards must be proved. The penalty for non-use of a trademark is cancellation of its registration, as seen in Article 142, III of the BIPL.

B. Standards of Use

1. Scope of Use

The use of the mark must include all products or services mentioned on the registration certificate, under penalty of partial cancellation of the registration with respect to those products or services not similar or akin to those for which use of the mark has been proved, according to Article 144 of the BIPL.

The BPTO's Guidelines state that the combined use of several marks owned by the same owner will be accepted as evidence for all the marks, provided that it is possible to identify the products and services designated by each mark.

2. Use of the Mark with a Different Presentation

Registration can also be cancelled, upon request of any person with a legitimate interest, if, within five years from its grant, the mark has been used in a modified form that implies alteration in its original distinctive character, as found on the registration certificate (BIPL, Article 143, II). In case of figurative, composite or three-dimensional marks, the BPTO accepts any document as long as it is dated and bears the image of the mark as it appears in the certificate of registration.

3. Quality and Amount of Use

Brazilian law makes no reference to the level, quality or amount of use needed to be considered sufficient evidence of use, but according to the current guidelines set forth by the BPTO, the amount of use will depend on the nature and the kind of the goods or services and the features of its particular market. In other words, use must keep proportion with the average sales of each market field, decisions being made on a case by case basis.

Some criteria that should be followed were listed in a technical opinion of the BPTO's Attorney General in 1973³⁹ and they still apply today: use has to be "regular, uniform and constant," occasional use not being acceptable. On the other hand, it is important that the product be commercialized in a reasonable scale. The nature of the product will determine for the examiner the validity of the evidence submitted. In this sense, the Attorney General's examples show that "socks" would need a large amount of sales in order to prove effective use, while machines could be sold in a few units for the same purpose.

Practical studies clearly show that the use of a trademark must be representative, at an industrial or commercial scale, and that the affordability and necessity of each product to the consumers is taken into consideration for requirement of a higher or smaller amount of use. Moreover, the BPTO's understanding is that the distribution of samples is not enough to maintain a registration when it is challenged for non-use.

In general, use of a brand must cover a substantial part or at least the last year of the five-year period. For popular merchandise, for instance, the trademark owner must present evidence of use during almost the whole five-year period prior to the date of the cancellation request, while it is recognized that for other products, the market share and the financial or industrial capability of the manufacturers would not allow the production and commerce almost every month during a five-year period.

4. Means to Prove Use

Brazilian law makes no reference to the evidence necessary to demonstrate the use of a trademark, but the BPTO's Guidelines foresee that in order to demonstrate that it is in use, all legal means of evidence admitted by Brazilian law will be considered, presented either by the owner, by the licensee or by any third party authorized to use the mark, even without a license agreement duly registered before the BPTO. In case the licensee presents the evidence, the BPTO will consider only those documents dated after the beginning of the agreement.

Experience suggests that proof of sales is the most important evidence to maintain as active the registration of a mark. The use of a mark in advertising and publishing materials—website included—may not be considered by the BPTO as enough to comply with the use requirements stated by the Brazilian law, except if, as a result of the nature of the products or services covered, these are the main forms of using the mark.

39. Issued by Dr. Newton Pinheiro da Silva on file no. 244.787/73 on August 10, 1973, and published in RT Informa, 1973, p. 20-21.

Evidence for the purpose of demonstrating the use cannot be mistaken with the protection granted by the mark registration, which, according to Article 131 of the BIPL, covers the use of the mark on papers, printed matter, advertisements, and documents related to the owner's activity.

Rather, from practice, it is possible to infer that not only the most persuasive, but also the *sine qua non* means of evidence of the use of a trademark are sales receipts or invoices, depending on the activities covered by the trademark registration. These are followed, in persuasiveness, by affidavits of company officers or by a local distributor stating the amount of sales and by advertisements appearing in magazines, newspapers, TV, and radio. Still accepted but less persuasive are bills of lading, airway bills, surveys, product pages of the company's website, Web banners, and other Web ads. Those comparative advertisements that base the comparison of products on untrue facts or that mention the negative aspects of the other product are considered illegal in Brazil; thus they are not accepted as proof of use.

The question arises whether the use of a mark by a non-profit organization would be recognized. In Brazil, use of the trademark must be in commerce, but proof of use by government and non-profit entities is accepted. A philanthropic transaction does not exclude the purchase and sales operations of goods; what is absent is the profit intention. Thus, if a beneficent foundation sells products covered by a certain mark (used in connection with the products and services claimed by the corresponding registration) and it submits sales receipts to prove the availability of such products to consumers, this use is accepted with a view to preventing the trademark registration from being cancelled.

5. Formalities Regarding Proof of Use

In Brazil, documents submitted as evidence must be translated into Portuguese if they originated in a foreign language. The excerpt that is relevant to prove the use is all that need be translated. Translations do not have to be sworn in an administrative procedure—they must be sworn only in judicial actions.⁴⁰ In the same way, consularization is not required in Brazil (Paris Convention, Article 4.D(3)). Despite the fact that they are not mandatory at the BPTO, notarization and legalization before consulates are common when the document presented is an affidavit. At court, however, both are mandatory, except for those registrants from countries that have judicial cooperation treaties with Brazil.

40. Brazilian Civil Procedural Code, Article 157. Under the former Industrial Property law, sworn translation of the entire document was required even in the administrative procedure (Law No. 5772/71).

Brazilian documentary proof must not be presented in the original. Copies are accepted by the BPTO, provided that the trademark owner's industrial property agent in Brazil certifies that they are faithful copies of the original documents and that the documents are not illegible, defaced, or without date. Thus, a notarial certified copy of an evidentiary document is acceptable but not necessary.

The remarks contained in this section are also applicable in Brazil to prove the fame of a trademark as being of high repute or well known.

C. Territory of Use

In the Brazilian system, the use of a trademark in another country is not enough to avoid cancellation, even in the case of a well-known mark. The BPTO's current guidelines on the subject strictly establish that the effective use of the brand must be made within the national territory. If the product is manufactured in a foreign country, the trademark owner must present documents proving that the goods covered by such trademark have entered the Brazilian market.

Proof of use in another country signatory of the Paris Convention is considered only for the purpose of protection of an unregistered mark against third parties' unlawful acts if it is a well-known mark (BIPL, Article 126), as noted in sub-section 2.1 of Part II.B above. In the case of a mark of high repute (BIPL, Article 125) or of a common mark, proof of use in another country will not serve such purpose.

D. Justified Reasons for Non-Use

According to TRIPS, circumstances arising independently of the will of the owner of the trademark that constitute an obstacle to its use, such as import restrictions or other government requirements for goods or services protected by the trademark, shall be recognized as valid reasons for non-use (Article 19.1). In the same way, Brazilian law determines that the validity of the registration must be maintained, in case the owner demonstrates that the lack of use was caused for legitimate reasons (BIPL, Article 143, § 1).

Before TRIPs was enacted, the BPTO did not accept importation as a valid means of use and owners had to defend in court their trademark registrations against cancellation. This situation was common in the 1970s and 1980s, when importations were extremely restricted or prohibited in Brazil. At court, however, decisions were not unanimous.

In *Maytag Corp. v. BPTO*, the transitory impossibility of importation of the products was not held as an impediment for use

of the mark and the court decided to maintain the cancellation of the mark, applying the “requirement of use” principle. In this case, the justices based their position reinforcing the purpose of avoiding abuse or the use of the so-called “reserve or obstruction marks,” which harm free competition because they reduce the scope of choice of the parties interested in using marks.⁴¹ In a more recent decision, *Fran’s Café Franchising Ltda. v. Starbucks Corporation Com. C/Starbucks Coffee Company*, the court held that the defendant’s trademark FRAPPUCCINO should not be annulled because the non-use that resulted from importation problems and governmental issues was considered a *force majeure* reason.⁴²

Regulatory requirements can also produce obstacles to commercialization, in cases where the approval of sale is delayed by a regulatory agency, independently of the will of the owner.

E. Legitimate Parties and Burden of Proof of Use

According to the provision of Article 143 of the BIPL, administrative cancellation actions based on non-use of a trademark can be initiated only by a third party with legitimate interest. This sort of action cannot be initiated *ex officio* by the BPTO, as was the case under the former IP law (No. 5722/71). It also cannot be continued *ex officio* after dismissal of the action by the party that requested cancellation. Should the interested party withdraw its request, the BPTO has to validate such withdrawal and dismiss the procedure. However, the plaintiff can withdraw its request only before the first instance decision by the BPTO.

After publication of the decision rendered in the cancellation request, the defeated party—whether the owner of the mark or the one interested in its cancellation—has a non-extendable sixty-day term to present an appeal. The other party will be notified to present its answer to the appeal—non-mandatory—and the BPTO will render a final decision on the matter.

The burden of proof of use of the trademark lies with the registrant, who is notified to submit its defense within a period of sixty days (Article 143, § 2 of the BIPL).

The plaintiff must prove its interest in having the attacked trademark registration cancelled (Article 143, *caput* of the BIPL). Several precedents have dealt with this issue, such as *Maytag Corp. v. BPTO*, in which the court held that the party that had requested the cancellation of the trademark ADMIRAL, Springer S/A, had legitimate interest in filing it, despite the fact that it had signed with plaintiff Maytag a license agreement in which it had promised not to claim any rights with regard to such mark. To reach this holding, the court observed that such agreement had not

41. TRF-2, Ap. No. 21.369, Court Reporter: Des. Sérgio Schwaitzer, 4.09.2002.

42. TRF-2, AC. No. 200951018057264, Court Reporter: Des. Liliane Roriz, 12.12.2011.

been recorded at the BPTO and prior to such recordal it would produce no effects.⁴³

The question of who can be considered a legitimate user has also been addressed by the courts. At issue in *Les Parfums de Molyneux v. BPTO* and *Eurobel Ind. de Cosm. Ltda.* was the use by a licensee; the trademark QUARTZ had been cancelled due to non-use. Molyneux had proved use by its licensee Impermack Importação e Exportação Ltda., but the BPTO understood that because the license contract was not recorded, the licensee was not the legitimate party to prove use.⁴⁴ A less formal approach was applied by justices in *Nabisco Inc. v. BPTO* and *Cirol-Cia. Ind. Royal S/A*, where the court rejected the cancellation of trademark ROYAL that had been used by the plaintiff's subsidiary. Justifying this decision, the court considered it irrelevant that the license agreement was not recorded at the BPTO, because both registrant and licensee belonged to the same group of companies.⁴⁵

F. Use on the Internet

Literature and case law have devoted some discussion to the different aspects of unfair and unlawful use of trademarks on the Internet, mostly applying the same principles as those applied outside of cyberspace. However, there has been much less consideration of the rules to be applied to lawful use by the trademark owner on the Web as being sufficient or not in compliance with use requirements for maintenance of the trademark rights.

In this sense, use of a trademark as a domain name or as a metatag alone is not enough to comply with local requirements. However, because it can be considered "use" for the purpose of proving the "prior use" of the trademark under Article 129, § 1 of the BIPL, which grants the user a preference right for registration, as seen above, in the author's opinion there is no reason why it should not also serve the purpose of being admitted at least as a complementary means of evidence of use.

In fact, contrary to earlier determinations, the use of a trademark on the Internet either for products or services may be considered sufficient to prevent its registration from being cancelled, provided that the nature of the products and/or services are compatible with its use on the Web. If this compatibility does not exist, the use on the Internet can serve as an additional means to strengthen the defendant's arguments against the cancellation.

43. TRF-2, Ap. No. 21.369, Court Reporter: Des. Sérgio Schwaitzer, 4.09.2002.

44. TRF-2, Ap. No. 11.226, Court Reporter: Des. Ney Fonseca, 9.04.1997.

45. TRF-2, Ap. No. 91.02.00537-9, Court Reporter: Des. Arnaldo Lima, 14.10.1992. In the same understanding: TRF-2, Ap. No. 92.02.08360-6, Court Reporter: Des. Arnaldo Lima, 14.10.98, RTRF 2000/26, p. 25-31:

In other words, the registrant's defense cannot be based solely on the use of the trademark on the Internet because, according to the BPTO, it is still necessary to prove that sales in Brazil were effectively made and not merely offered.

IV. CONCLUSION

The role and requirements of commercial exploitation of trademarks has in the author's view developed in a way that echoes practical, government, and digital commercialization necessities and advances.

As noted above, in Brazil, absolute rights on a trademark are obtained through its registration, but in three situations rights are recognized for the user of an unregistered mark. In Brazil, the unregistered mark does not have to be famous in order to be granted rights.

First, in the case of famous marks, two kinds are granted protection independently of whether they have been previously filed or registered in the country: highly reputed marks are protected in all fields of activity, even if not locally used, as long as they enjoy fame either in the Brazilian marketplace or at an international level, while marks that are well known in their field of activity enjoy special protection only in such field, as long as they are well known in Brazil as already belonging to someone who used them in that field. Both situations allow the user to combat unauthorized use by third parties through an opposition, cancellation action, or lawsuit, wherein an injunction can be granted.

Second, the preference to register a trademark is guaranteed to the person who had been using in Brazil an identical or similar mark for at least six months, even if it is not a famous mark.

The third situation recognizing rights to the user of an unregistered trademark involves the prohibition of registration of a mark that imitates or reproduces a mark that the applicant could not know, and that does not need to be famous.

In order to maintain the validity of trademark rights in Brazil, the use of marks is mandatory and must begin before the fifth year after the registration is issued, otherwise the registration will be subject to cancellation for non-use by request of any interested third party.

In spite of Brazil's adoption of the attributive system for trademarks (first to file), use is still a relevant element, either for granting precedence rights for registration or, in case of a conflict with third-party marks, for avoiding the cancellation of a registration.
