



Dannemann
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**CASE LAW
YEARBOOK
2022**

Dear readers,

It is with great pleasure that the **Dannemann Siemsen Institute (IDS)** publishes the second edition of its Case Law Yearbook, with comments on a selection of important court decisions in the field of Intellectual Property (IP), handed down throughout 2022. Part of the projects IDS has been developing, this edition of IDS' Case Law Yearbook counts with the collaboration of several renowned professionals in their areas of expertise and aims to contribute to the discussion of Brazilian judicial precedents in the IP field.

This edition comments on relevant decisions in the areas of trademarks, copyright, trade dress, company name, unfair competition, and patents, in addition to issues involving civil law, civil procedural law and business law. The project's curators sought to select decisions based on the legal relevance of the issues addressed, diversity of topics, novelty of the discussion, and impact to society. This work highlighted, mostly, a selection of collegiate decisions from the High Courts, although single decision from the Superior Court of Justice was also selected for comment due to the importance of the theme discussed.

In the area of copyright, parodies and the necessary requirements for their legitimacy are discussed. The non-protection of concepts and ideas underlying them by copyright is also addressed. In the field of unfair competition, the lawful use of sponsored links and the requirements for the configuration of acts of unfair competition by the practice of recruiting employees of a competitor company are debated.

Regarding trademark law, the flexibility of the exclusivity rule when applied to less distinctive trademarks is discussed, as well as the criteria for assessing the conflict between company name and trademark and the requirements for verifying conflict between trademarks, according to the 360° Trademark Confusion's Test methodology. It also addresses important understandings regarding temporal standards for injunctive and compensatory claims in trademark judicial actions. Finally, the issue of the lack of limitation of trademark's invalidity actions when the registration is made in bad faith is discussed, and clarification is given for some of the limits of the declaration of forfeiture for not punishing the competitive market.

As a special content, we present a commentary on the decision declaring the unconstitutionality of the sole paragraph of Art. 40 of Law 9279/1996, the Brazilian Industrial Property Law, rendered in the scope of the Direct Action of Unconstitutionality (ADI), nº 5529/DF. Although the decision was handed down in 2021, it was felt important to mention and highlight it in this edition due to its relevance and impact, since it altered the term of validity of patents in the country.

Thus, this Case Law Yearbook reflects the IDS purposes to disseminate the study of intellectual property and to promote knowledge sharing. It is hoped that this Case Law Yearbook will foster debate and discussion. IDS thanks the collaboration of all who participated in the creation and publication of this work and wish everyone a fruitful reading!

Cordially,

**Filipe Fonteles Cabral, Felipe Dannemann Lundgren, Rafael Dias de Lima
and Patricia Carvalho da Rocha Porto**



COMMENTS ON COURT DECISIONS HANDED DOWN IN BRAZIL IN THE INTELLECTUAL PROPERTY FIELD IN THE YEAR OF 2022

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CASE LAW SELECTED AND COMMENTED



CASE 01

(STJ - EREsp 1.810.440/SP)



STJ UNDERSTANDS THAT THE POLITICAL-ELECTORAL PURPOSE IS IRRELEVANT FOR THE CHARACTERIZATION OF LAWFUL PARODY AND ESTABLISHES PARAMETERS FOR LAWFUL PARODY.

Divergence Motion in Special Appeal (EResp) 1.810.440/SP, Reporting Justice Luís Felipe Salomão, Second Section of the Superior Court of Justice, unanimously, judged on August 24, 2022, DJe October 11, 2022.



Author: Patricia Carvalho da Rocha Porto

Field of Law: Copyright

Topic: Parody. Characterization of electoral purpose. Irrelevance. Waiver of authorization from the owner of the original work.

Summary

“(…) the recognition of lawfulness of the parody - prepared without the authorization of the author of the original work - depends on the fulfilment of the following requirements: (i) existence of a some degree of creativity (...); (ii) absence of disreputable effect to the original work; (iii) respect for the honor, intimacy, image and privacy of third parties (...); (iv) observance of the author’s moral right regarding the uniqueness of the work (...); (v) fulfilment of the “three-step test” rule (...) and (vi) absence of commercial intent, in view of the additional grounds brought by the eminent Justice Raul Araújo. 7. In the case at hand, it is observed that the use of an excerpt (with altered lyrics) of the song “O Portão” - by Roberto Carlos and Erasmo Carlos - in the 2014 political-electoral advertisement of the then candidate for Congress Representative Francisco Everardo Oliveira Silva (known as Tiririca) satisfied all the requirements listed above (...) Dismissed divergence motions.”

Brief history of the litigation

EMI Songs do Brasil Edições Musicais Ltda. filed, on September 23, 2014, before the Court of Justice of the State of São Paulo (TJ/SP), a lawsuit against Francisco Everardo Oliveira Silva (known as Tiririca) and others, for the unauthorized use of an altered excerpt from the composition “O Portão”, written by Roberto Carlos and Erasmo Carlos, in the 2014 political campaign for the reelection of Federal Congressman Tiririca.

In the first and second instance, the plaintiff won the case. The TJ/SP understanding was that the altered use of the work, in the situation in dispute, did not constitute parody and was covered by copyright protection. In Special Appeal (REsp), the Third Panel of the Superior Court of Justice (STJ) accept the defense of the Defendant, stating that the copyright holder’s claim for compensation was groundless, since the use of an excerpt from the song “O Portão” (The Gate) constituted parody, and the electoral purpose of the advertisement was irrelevant. The Third Panel Special Appeal decision is the object of the divergence motion (EResp), whose decision is commented on here.

EMI pointed out as paradigm of the divergence a decision of the Fourth Panel of the STJ, in REsp 1.131.498/RJ, which held that the use of the work - in the scope of that case - did not constitute parody and was not covered by the limitation of article 47 of Law no 9.610/1998, the Brazilian Copyright Law (LDA), since the work had been distorted to better serve the commercial interests of the person promoted in the advertisement.

According to the summary of the commented decision, EMI states that “in both judgments: (i) there was use - without the authorization of the owner - of an excerpt from a literary-musical work, with partially altered lyrics, for an undeniably advertising purpose; and (ii) the special appeal of the party ordered to pay damages for the illegal use of the work was based on the legal exception in article 47 of Law 9610/1998”.

The controversy and relevance of the topic

“The decision aimed to “define whether, for purposes of the provisions of article 47 of the LDA, the alteration of a literary-musical work excerpt for use in political-electoral propaganda characterizes parody or not, and what the criteria are for adopting such a distinction.”



CASE 01

(STJ - EREsp 1.810.440/SP)



The decision in question is of great importance in helping to standardize national jurisprudence on the use, as parody, of third-party works without authorization, especially with regard to the requirements for the lawfulness of parody and, consequently, of its use, whether in a political-electoral advertising context or any other. It is also relevant when discussing copyright and its limits.

The understanding set forth by the STJ and its impacts

Preliminarily, the Second Section of the STJ understood that there was the divergence raised and accept to judge the EREsp, observing that there was factual similarity in the compared appeal decisions, “to the extent that they adopted apparently different solutions regarding the rule inserted in article 47 of the LDA”.

On the merits, the Court noted that the rights of the author are founded on public interest in ensuring the protection of the work and its economic use. However, it also pointed out that public interest itself justifies limitations on the rights derived from the exclusive use of the work to fulfil the social purpose of contributing to the evolution of society and human progress. Therefore, noted the Court, the law sought, through the limitations of copyrights, to conform the copyright with the preservation of other fundamental rights and values, such as culture, science, intimacy, privacy, national development, and freedom of press and expression.

It was also considered that the limitations on the author’s rights must comply with the requirements set in Articles 9.2 of the Berne Union Convention and 13 of the TRIPS Agreement, which are known as the “three-step rule”. The “three-step rule” provides that the unauthorized reproduction of works of third parties is admitted: (i) in exceptional cases; (ii) that do not conflict with the normal exploitation of the work; and (iii) provided that they do not unreasonably prejudice the legitimate interests of the right holder.

The decision indicated that the LDA, in its article 47, considers parody as one of the copyright limitations, defining its meaning and content as the “comic imitation of a literary composition, film, music or any other work known to the public. Almost always endowed with comicality, parody uses debauchery and/or irony to entertain or promote criticism or reflection on the original work (‘target parody’) or any other theme (‘weapon parody’).” He also pointed out that “irony and criticism are, in fact, the essence of parody” and that “the legal protection of this type of intellectual creation is intended to safeguard freedom of expression, an essential condition for the plurality of ideas, which, in turn, constitutes a structural value of a democratic regime.”

Notwithstanding the importance of protecting freedom of expression, the decision in question noted that the freedom to parody cannot serve as a pretext for the misappropriation of other people’s work. For this reason, the Court asserted that, regardless the intent, the lawfulness of parody depends on the fulfilment of the following requirements: “(i) existence of a certain degree of creativity (i.e., the derived work may not represent a true reproduction of the parodied work); (ii) absence of disparaging effect to the original work; (iii) respect for the honor, intimacy, image and privacy of third parties (Article 5, item X, of the Constitution of the Brazilian Federative Republic of 1988 (CRFB/88)); (iv) observance of the author’s moral right regarding the uniqueness of the work (Article 24, item III, of LDA); (v) compliance with the “three-step-test” rule, which allows the exercise of the reproduction right by unauthorized third parties in special cases that do not conflict with the normal exploitation of the work or unreasonably prejudice the legitimate interests of the author; and (vi) absence of commercial intent.

The Second Section of the STJ unanimously understood that the work used in the election advertisement of Representative Tiririca consisted of a parody of the work “ O Portão” (The Gate), whilst being endowed with creativity, uniqueness, and lawfulness, since it met all the requirements listed in the decision and did not incur in any embarrassment. For this reason, it was decided not to grant the divergent motions and not to proceed with the compensation claim.



CASE 01

(STJ - REsp 1.810.440/SP)



One point of the judgment that should be commented on in more detail is the requirement of “absence of commercial intent”, which was added to the list of requirements established by the judgment for the configuration of lawful parody, in view of the additional reasoning brought by Justice Raul Araújo in his review vote.

As indicated, two other decisions of the Private Panels of the STJ (REsp 1.548.849/SP and REsp 1.597.678/RJ) concluded that “the absence of commercial connotation would be dispensable for the lawfulness and conformity of thought expression by means of parody, under the terms of article 47 of Law 9610/1998”. The Court pondered that such decisions opposed to the paradigm judgment reveal the complexity of the solution of the controversy judged.

In his review vote, Justice Raul Araújo argued that “in cases of paraphrases and parodies made for commercial purposes, to generate commercial advertising for products and services offered in the consumer market, the prior authorization of the author of the original work is required”, since they would affect the normal exploitation of the work, causing unjustified losses to the author, violating the three steps rule.

Thus, Justice Raul Araújo proposed one more condition to those presented by Reporting Justice Felipe Salomão for recognizing the lawfulness of parody: “that the parody has no primarily economic purpose, used to boost the marketing of products and services in the consumer market.”

The decision accepted the reasoning of Justice Raul Araújo, with the addition of the “absence of commercial intent” requirement.

Nevertheless, it is noted from the justification of the review vote, that the requirement of “absence of commercial intent” refers to the absence of the use of the parody primarily for commercial purposes to boost sales of products and services in the consumer market. It is understood that it was not suggested to aim at restricting the free and lawful use of parodies that have humor, criticism, or the expression of opinion by means of satire and comicality as their main objective and that may have an incidental economic gain.

The decision in question advocates the protection of the public interest in freedom of expression and other constitutional values important to society, while also observing the author’s interest in protecting his work. It also brings important clarifications and delimitations for the unauthorized use of third parties’ works as parody and has the potential to impact the decision making of market agents when using third parties’ works, even for comedic purposes.

Link to the full text of the decision [//processo.stj.jus.br/processo/revista/documento/mediado/?componente=ITA&sequencial=2119246&num_registro=201802906429&data=20221011&formato=PDF](https://processo.stj.jus.br/processo/revista/documento/mediado/?componente=ITA&sequencial=2119246&num_registro=201802906429&data=20221011&formato=PDF)



CASE 02

(STJ - REsp 1.937.989/SP)



STJ RECOGNIZES THAT THE USE OF A COMPETITOR'S TRADEMARK AS A KEYWORD IN SPONSORED LINKS CONSTITUTES UNFAIR COMPETITION AND DILUTION OF THE USURPED TRADEMARK.

Special Appeal (REsp) 1.937.989/SP, Reporting Justice Luís Felipe Salomão, Fourth Panel of the Superior Court of Justice, unanimously, judged on August 23, 2022, DJe November 7, 2022.



Author: Fernanda Salomão Mascarenhas

Fields of Law: Unfair Competition / Trademark / Civil Procedure

Topic: Internet search providers. Sponsored Link. Use of a competitor's registered trademark as a keyword. Unfair competition practice confirmed. Trademark dilution.

Summary

“(.) 7. However, the industrial property law is infringed by the one who [uses] as a keyword, in sponsored links, trademarks registered by a competitor, configuring diversion of customers, which characterizes unfair competition practice, prohibited by art. 195, III and V, of the Industrial Property Law and by art. 10 bis, of the Paris Convention for the Protection of Industrial Property. The use of a competitor's trademark as a keyword to direct the consumer of the product or service to the usurper competitor's link is capable of causing confusion as to the products offered or the activity performed by the competitors. Furthermore, the unfair practice leads to the brand's dilution process in the market and damage to the advertising function, by reducing visibility. 9 The stimulus to free enterprise, whether inside or outside the World Wide Web, must know limits, and it is inconceivable to recognize lawful conduct that causes confusion or purposeful association with the mark of a third party operating in the same market niche. 10. The repression of unfair competition does not aim at protecting the monopoly over the goodwill or the clientele, but rather to ensure healthy, fair competition and economic results. Thus, loyalty is the first and unavoidable limit for the healthy exercise of competition and should inspire the adoption of reasonable marketing practices. 11. special appeal not provided.”

Brief history of the litigation

PR BRAUN PASSAGENS E TURISMO LTDA. filed, in 2019, before the Court of Justice of the State of São Paulo (TJ/SP), a lawsuit against the company VP VIAGENS E TURISMO LTDA. challenging the unauthorized use of its trademark “BRAUN” as a keyword in Google AdWords. The Plaintiff argued that the Defendant operates the website VOUPRA.COM, which offers the same travel and tourism services provided by PR BRAUN, and that by typing the expression “BRAUN TURISMO” into Google's search engine, the user would get as first response the address of the Defendant's website, characterizing trademark violation and unfair competition practice.

In the lower court, the plaintiff's claims were granted, and the court recognized that the use of trademark “BRAUN” as a keyword for sponsored links constitutes unfair competition, due to the potential diversion of customers.

The Defendant company filed an appeal against this sentence, which was partially granted only to adjust the amount of the condemnation for moral damages, reduced to R\$10,000.00.

In its Special Appeal, before the Superior Court of Justice (STJ), the Defendant Company claims that article 195, clauses III and IV of Law 9.279/1996, Brazilian Industrial Property Law (LPI) was mistakenly applied by TJ/SP, arguing that the “objective of search providers is to expose users to various results and information simultaneously, in an incomparable manner to the physical consultations that a person would make in a shopping center in her city, for example (...).” The Defendant company complements its allegations by sustaining that it is not any customer diversion that should be considered as a reproachable unfair competition practice, considering that the capture of customers is inherent to any economic activity, so that only the acts performed by the competitor with the intention of confusing the consumer should be considered as unfair competition practice.



The controversy and relevance of the topic

The decision now commented aims to clarify “whether or not it configures unfair competition practice the conduct of an Internet advertiser, which uses the trademark of a competitor as a keyword in sponsored links, obtaining a privileged position in search results, aiming to direct users of those products and services to its own website.”

The decision in question is of great importance, since it was the first time that the STJ addressed the use of third-party trademarks as keywords for sponsored links on Internet search engines, helping to standardize the jurisprudential understanding on the subject, which is becoming increasingly relevant in lawsuits filed in Brazilian courts.

The understanding set forth by the STJ and its impacts

The decision handed down by the 4th Panel of the STJ unanimously recognizes the lawfulness of sponsored links made available by Internet search engines, but emphasizes the need to establish certain parameters regulating the keywords acquired by the respective users, especially taking into account the practice of acquiring trademarks from competitors, which is common in this market, and the consequent possibility of violation of the industrial property rights of the owners of such trademarks.

In this case, the STJ held that, because the Defendant purchased the Plaintiff’s trademark “BRAUN TURISMO” as a keyword, when internet users searched for this expression on Google, the first result brought up by the search engine did not refer to the Plaintiff’s website, but to the Defendant’s. As a result, the STJ held that “the use of registered trademarks by third parties as keywords in sponsored links with undeniable diversion of customers constitutes an act of unfair competition,” confirming the applicability of articles 195, III and V of the LPI, and article 10 bis of the Paris Convention, which foresees that the contracting countries must ensure effective protection against unfair competition for all citizens of the countries of the Union.

In addition to the practice of unfair competition, the decision points out that the rights over a certain trademark are acquired through a validly issued registration, pursuant to Article 129 of the LPI, which grants the owner of the trademark registration the prerogative of exclusive use of such sign throughout the national territory, including the use of the trademark on papers, printed matter, advertising and documents related to the holder’s activity, as provided in Article 131 of such law.

The decision pondered that the use of a third party’s trademark by the competitor as a keyword to direct the consumer to its own site would be capable of causing confusion as to the products and activities performed by the competitor and the owner of the usurped trademark, emphasizing that the unfair conduct would be in the form of attracting clientele, “by means of a cunning resource, without the dispensation of appropriate investments.

The decision also pointed out that the practice of acquiring third party trademarks as keywords for sponsored links of competitors would contribute to the dilution of the usurped trademark in the market, which “loses a prominent position, tarnishing the advertising function by reducing visibility. Although not mentioned in the decision, the rationale established by STJ indicates the application of Article 130, item III, of the LPI, which guarantees the trademark owner the right to protect its material integrity or reputation.

One point of the decision that deserves attention is the detailing of the mechanics behind the sponsored links services. As pointed out in the decision, such services work as true word auctions, and the value of the word is directly linked to the level of search for such term by users. The more users acquire a certain term as a keyword, the higher the value of the word will be. Therefore, fact is that the purchase of third party’s trade-



CASE 02

(STJ - REsp 1.937.989/SP)



marks as keywords by competitors forces trademark owners to invest large sums of money to acquire their own trademarks in order to ensure that links to their respective websites appear among the first results of consumer searches on Internet search engines, which, in the understanding of the STJ, reinforces the illegality of such practice.

Finally, the STJ considered that the unfair competition is evident due to the lack of relation between the term “BRAUN” and the travel agency services provided by the parties, “making clear the intention of the applicant to be ‘perceived’ by users from the brand of the competitor.

The STJ decision does not absolutely condemn the sponsored links service but favors the exclusivity rights granted to the owners of trademark registrations and is in line with the majority case law in Brazil on the subject, with numerous cases already judged by local state courts condemning the practice of purchasing third party trademarks as keywords for sponsored links. Nevertheless, it is worth noting that there are decisions from lower courts pointing that it is necessary to evidence confusion in order to establish acts of unfair competition and trademark infringement in the use of terms owned by competitors in sponsored links, as well as cases in which trademark infringement is not established due to the occurrence of exclusion of illegality, when the use of a competitor’s trademark is carried out within the possibilities of limitations on trademark rights provided in the LPI.

In this sense, the decision handed down by the Fourth Panel of the STJ established important parameters regulating the acquisition of keywords with respect to sponsored link services, recognizing the illegality of such practice when (i) the word acquired constitutes a trademark of a third party, (ii) the usurped term is unrelated to the product or service offered by the parties, and (iii) the parties offer competing services.

Despite the advancement of the discussion in the higher court, the issue is far from being exhausted, remaining pending, for example, the assessment as to the civil liability of search engines that offer sponsored links services.

Link to the full text of the decision: <https://processo.stj.jus.br/processo/pesquisa/?aplicacao=processos.ea&tipoPesquisa=tipoPesquisaGenerica&termo=REsp%201937989>

¹ “This is an ordinary action brought by the plaintiff company with the purpose of restraining the defendant company from using the name and trademark Pisani to redirect internet users to its site through the Yahoo! Do Brasil Internet Ltda. search redirection service and other internet search sites. (...) In the specific case, I believe that there was no undue use of the plaintiff’s name or trademark by the defendant company.) **In the instant case, I believe that the defendant company has not misused the name or the trademark of the plaintiff, either because the defendant company’s conduct is not reflected in the consumer’s cognitive judgment, causing confusion of the name and trademark Pisani, or because the defendant company’s conduct does not cause any harm to the plaintiff.** (...) In fact, what has occurred in this case is that the defendant company has placed on the Yahoo! among others, the name Pisani, in order to indicate, yes, where to find the products manufactured by the plaintiff, using an appropriate mechanism to promote the success of the name and trademark Pisani, not generating confusion for Internet users, nor associating the idea of failure to the plaintiff’s brand. What can be seen, in this case, is that everyone took advantage of it, lawfully. Thus, there being no confusion in the cognitive formation of the consumer, nor detecting damage to the plaintiff, there is no need to talk about compensation.” (Civil Appeal No. 70025011552, Twentieth Civil Chamber, Court of Justice of the RS, Rapporteur: Glênio José Wasserstein Hekman, Judged 09/09/2009). Our emphasis.

² “Trademark. Use of the plaintiffs’ trademarks as keywords of sponsored links hired by the defendant. Absence of illegality. **Defendant that sells the products of the plaintiffs’ brands linked to the site. Notoriety of the site through the brands that aims to leverage the sale of products. Incidence of the rule of art. 132, I, Law no. 9279/96.** Absence of evidence that the distribution of the products by the plaintiffs is performed selectively. Plaintiffs who have not discharged the burden imposed on them by article 333, I, of the CPC. Plaintiffs must bear the entire burden of defeat. Attorneys’ fees fixed at R\$5,000.00. Appeal of the defendant granted, the plaintiffs’ appeal dismissed”. (Civil Appeal No. 0133924-84.2012.8.26.0100. 1st Reserved Chamber of Business Law of SP. Reporter Des. Maia Cunha. Judged on 11/25/2014). Our emphasis.



CASE 03

(STJ) - REsp 2.023.942/SP



THE CONTROVERSIAL HIRING OF HOST DANILO GENTILI BY SBT. CHARACTERIZATION (OR NOT) OF ENTICEMENT AND PRACTICE OF UNFAIR COMPETITION?

Special Appeal (REsp) 2.023.942/SP, Reporting Justice Ricardo Vilas Bôas Cueva, Third Panel of the Superior Court of Justice (STJ), by majority vote, judged on October 18, 2022, and October 25, 2022. DJe. October 28, 2022.



Author: Felipe Dannemann Lundgren

Fields of Law: Contract Law / Unfair Competition

Topic: Service contract. Offer under advantageous conditions during the term of the contract by a competitor of the contracting party. Subsequent termination of the contract. Enticement practice and unfair competition. Requisites. Non-characterization.

Summary

SPECIAL APPEAL. CIVIL LIABILITY. RENDERING OF SERVICES. ART. 608 OF THE CIVIL CODE OF 2002. THEORY OF THE THIRD PARTY OFFENDER, THIRD ACCOMPLICE OR THIRD INTERFERING PARTY. PRACTICE OF ENTICEMENT. DEMONSTRATION. ABSENT. ARTIST. PROPOSAL. COMPETING BROADCASTER. LEGAL RELATIONSHIP IN EFFECT. ACCEPTABLE MARKET PRACTICE. UNFAIR COMPETITION. NON-CONFIGURATION. OBJECTIVE GOOD FAITH. RESULTING DUTIES. ABSENCE OF VIOLATION. INDEMNIFICATION. DUTY OF A THIRD PARTY. REMOVAL (...) 2. The controversy is limited to defining the scope of liability of a third party who offers a contract to a service provider during the term of a legal agreement entered into with a competing television broadcaster and the consequent termination of the ongoing contract. 3. Under the terms of article 608 of the Civil Code of 2002, a third party who entices a professional bound by a contract to render services to another party, causing a breach of the previous agreement, has the duty to indemnify the injured contracting party, regardless of the contractual liability between the parties of the broken deal. Legal relationship that conforms to the provisions of the aforementioned article. 4. The interpretation of article 608 of the Civil Code of 2002 must take into consideration the market behavior of the competitors involved in the field of activity in question. 5. Brazilian doctrine and the case law of this Higher Court admit the liability of third parties for breach of contract due to the principles of the social function of the contract, the duties arising from objective good faith, the practice of unfair competition and liability for unlawful or abusive acts. In this case, the violation of such precepts or the practice of enticement for purposes of incidence of the provisions of art. 608 of the Civil Code of 2002 has not been demonstrated. 6. The subsidiary plea of violation of art. 186 of the Civil Code of 2002 is precluded, in cases of liability based on art. 608 of the aforementioned Code, the law dispenses with proof of loss, prefixing indemnification in the amount that the injured party would pay to the service provider for a period of 2 (two) years. 7. Special appeal granted.

Brief history of the litigation

On 01/01/2013, the host and comedian Danilo Gentili signed with Radio and Television Bandeirantes S.A. (Defendant) a service agreement for “specialized consulting, program production, copyright assignment, creation, use and exploitation of image, name, voice and other agreements”, scheduled to expire on 12/31/2014.

During the term of the contract, TVSBT Canal 4 de São Paulo S/A (Appellant), the Defendant’s competitor, made an advantageous offer to the comedian, which led him to request termination of the contract. After that, the comedian started to present his own television program (talk show) on the competing channel.

In light of the occurrence, the Defendant filed an action for damages against the Appellant based on article 608 of the Brazilian Civil Code of 2002 (Civil Code), alleging enticement of the artist. Furthermore, it also sought to have the Appellant found guilty of unfair competition, pursuant to articles 195 and 209 of Law 9279/1996, the Brazilian Industrial Property Law (LPI).



The action was partially granted at first instance, ordering the Appellant to pay R\$ 3,684,000.00 to the Defendant, on the grounds that the practice of enticement by the Appellant was characterized, giving rise to the application of the provisions of article 608 of the Civil Code and that it did not matter whether the Appellant company practiced unfair competition or not. The decision was upheld by the Court of Justice of the State of São Paulo (TJ/SP).

The Special Appeal, filed by the Defendant company, was admitted and eventually granted, by majority vote, by the 3rd Panel of the Superior Court of Justice (STJ).

The controversy and relevance of the topic

The decision defines the parameters and requirements necessary for the application of the provisions of article 608 of the Civil Code, which provides a sanction for those who entice people obliged by a written contract to provide services to others, causing the termination of the contractual relationship.

In addition, the judgment makes important considerations about the definition of the practice of solicitation and about the possibility of civil liability of the offending third party for injury to another's contract.

Finally, the Superior Court also considers aspects related to the practice of unfair competition, under the terms of the Industrial Property Law.

The issue has practical relevance, since the signing of service contracts is an increasingly common practice in the Brazilian market, and it is essential to know under what conditions the sending of a proposal to a professional or service provider with an existing contract can be characterized as solicitation or unfair competition.

The understanding set forth by the STJ and its impacts

In the dissenting vote, cast by Justice Nancy Andrighi, who was defeated, it was understood that the application of the monetary penalty provided for in article 608 of the Civil Code depends on the fulfillment of four requirements:

- i. The existence of a written contract between the service provider and the service taker;
- ii. Enticement by a third party;
- iii. Knowledge, by the recruiter, that the contract is in effect;
- iv. Subsequent termination of the contract as a result of enticement.

In this sense, the Minister adopted a broad definition of the concept of enticement, stating that “to entice means to attract, to seduce, to invite people who are obliged to provide services to others, causing them to breach a previously signed contract”.

Also, according to the defeated vote, the legislator chose to repudiate the practice of a third party that interferes in another's service contract, leading to its undoing, by enticing the provider.

According to the minister, there is no need for other requirements, such as unfair competition, offering undue advantage or fraud, to apply the provisions of article 608 of the Civil Code.

Regarding specifically the practice of unfair competition, the Justice clarifies that the sanction provided

³Art. 608. Whoever entices people obligated by written contract to render services to another shall pay the latter the amount that the service provider would have been entitled to for two years due to the broken agreement.



CASE 03

(STJ - REsp 2.023.942/SP)

for in articles 195 and 209 of the LPI is not limited to a monetary value but implies the “duty to compensate all proven losses to those who suffered from this conduct,” which would be much broader and more burdensome.

In this sense, the dissenting vote distinguishes the situation in the case at hand from another case judged by the Third Panel of the STJ, involving the contracting of the singer Zeca Pagodinho, the protagonist of an advertising campaign for NOVA SCHIN beer, to promote the competing beer BRAHMA , because in that case the occurrence of unfair competition was recognized, under the terms of the Industrial Property Law, since the purpose of damaging the business of others was proven, since the agency that appeared as the Defendant in that action “aimed to frustrate the advertising campaign of its competitor”.

The Justice concludes that, unlike the unlawful acts typified in the Industrial Property Law, there is no margin for interpretation with regard to the application of the sanction provided for in article 608 of the Civil Code, the fulfillment of the objective requirements of the article being sufficient.

On the other hand, the winning vote, cast by Reporting Justice Ricardo Cueva, accompanied by Justices Marco Aurélio Bellizze and Paulo de Tarso Sanseverino, ties the application of the sanction provided for in article 608 of the Civil Code to the practice of an unfair act, capable of demonstrating a manifest will to entice.

According to Justice Cueva, the context in which the service provision agreement in question was signed cannot be ignored, since, as it involves experienced television broadcasters, it is presumed that the risks of premature termination of the agreement could have been mitigated through the insertion of contractual clauses, such as a monetary fine or a non-compete clause effective after the end of the agreement.

Thus, the winning vote affirms that “the freedom to contract and the impossibility of keeping a party bound to a legal relationship that no longer interests him cannot be disregarded”.

It is concluded, therefore, that if there is no culpable conduct or unlawful practice on the part of the agent that caused the termination of the contract, there is no need to apply the sanction provided for in article 608 of the Civil Code.

In the present case, the appellant company was not ordered to pay damages to the defendant based on article 608 of the Civil Code, due to the hiring of an artist who had a contract in force with the competing broadcaster.

Link to the full text of the decision: https://processo.stj.jus.br/processo/julgamento/eletronico/documento/midiado/?documento_tipo=integra&documento_sequencial=168903670®istro_numero=202200187157&peticao_numero=&publicacao_data=20221028&formato=PDF

⁴Resp No. 1.316.149/SP (DJe 27/06/2014).



CASE 04

(STJ - REsp 1.561.033/RS)

IDEALIZATION OF A SEARCH FORMAT DOES NOT ENJOY COPYRIGHT PROTECTION.

Special Appeal (REsp) 1.561.033/RS, Reporting Justice Raul Araújo, Fourth Panel of the Superior Court of Justice, unanimously, judged on September 20, 2022. DJe. October 4, 2022.



Author: Rodrigo Borges Carneiro

Field of Law: Copyright

Topic: Copyright and Industrial Property. Concepts in projects and the underlying ideas are not protected by copyright. Graphic formats may be protected by Industrial Design, which requires registration before the Brazilian Patent and Trademark Office (BPTO).

Summary

“In the present case, the unauthorized use by the defendant of a graphic format conceived by the sponsors is being discussed. This format was initially presented in the sketch of a website designed to create a platform for an agile and facilitated connection between internauts, suppliers, advertisers and consumers. This sketch had been taken by the plaintiffs to the Notary Public for Titles and Documents and, after being presented to the defendant, it would have been incorporated into its search tools, in a similar graphic format, called “MAGIC WHEELS”, which constitutes the alleged plagiarism. 4. The Brazilian legal system protects intellectual works, as a rule, through Copyrights, when the aesthetic interest of the work prevails; or through Industrial Property Rights, when the prevailing interest is utilitarian (commercial or industrial). 5) The projects and underlying ideas are not subject to protection by copyright rules and may be reused both for new authorial works and for industrial and commercial purposes (Law 9610/98, art. 8). 6 - The graphic formats, result of “[...] ornamental set of lines and colors that can be applied to a product, providing new and original visual result in its external configuration [...]” (Law 9279/96, art. 95), constitute industrial design, whose legal protection depends on registration with the National Institute of Industrial Property. 7 In the case of the records, there is no question of registration of an industrial design, for which reason the intellectual work sub judice does not enjoy legal protection, and the allegation of plagiarism must be dismissed. 8. special appeal granted.”

Brief history of the litigation

The company Google Brasil Internet Ltda. filed a Special Appeal, before the Superior Court of Justice (STJ), against a judgment that confirmed the conviction for moral and patrimonial damages in a lawsuit for copyright infringement related to a graphic format presented in a website project that was taken to the Registry of Deeds and Documents by its authors.

For a better understanding of the works in question, it is worth describing what happened in the Appellate Decision. The plaintiffs’ work is called RODA VIVA, and is described as follows;

“According to the plaintiffs’ project, search site of the city of Gravataí, document 03, pages 28 to 31, it is ‘Site of advertising and search, with banner, ads and disk of options of companies for the customer to choose. As for the method (definition of the Site), the project states that the “Site will open with a map of Gravataí, divided into regions: Site will open, after clicking on the search region, a list of products and services; after choosing the service on the list, it will open a disc of options of companies with all the competitors of such service; The disc will offer all the competing companies, by clicking it will open a home page of the company with all possible information for the Internet user. In this dedicated space, the advertiser customer, through Login, will be able to insert texts advertising his company, as well as 1 video and some photos of the establishment, making all the necessary changes and will have a relationship with suppliers, a network of business partners, through the options disk. Advertisers will also be able to negotiate with future suppliers in a reserved space called the ‘meeting room’. In the authors’



project, document 03, the opening of the options disk in the BAR search. It shows the opening of the home page, BARES, with the options disk, with the indication that the disk rotates continuously, with several tabs indicating the different bars, named by letters from A to H. To indicate how the options disk tab is opened, it says that ‘When you pass the cursor on the tab, the disk stops and it enlarges, if you click it, it goes to the page’. It also brings on the right of the sheet, the Feedback. On the left of the sheet, it has the Dollar and Euro rates and indexes. This tool was described by the plaintiffs on page 04 of the initial proposal. I note that the plaintiffs’ proposal is to present the results in a central disk that would generate results in circles around the main circle.” (e-STJ, pp. 503-504)

On the other hand, Google has allegedly plagiarized the above creation in its MAGIC WHEELS tool described below:

“To customize the search results page you are on, click on a filter option on the side of that page.” It says “The tools and filter options most relevant to your search will be automatically displayed”: It says “Click on More and More search tools to display all the available filters and views that can be applied to that search”. To get more results, it presents among the options, the ‘Magic Wheel: this option presents visual connections between related searches and your search term as an interactive diagram. Click on the different nodes in the diagram to see how searches can branch out.” (e-STJ, pp. 504-505)

In the judgment coming from the Court of Justice of the State of Rio Grande do Sul (TJ/RS) it was decided that the company Google did not prove a minimum contribution necessary to have its copyright recognized and also did not prove that it developed its “MAGIC WHEELS” before the Plaintiffs’ creation.

In special appeal, among other points, the company Google argued that:

- the Defendants’ project cannot be considered an innovation that can be protected as an intellectual creation.
- The Defendants have not demonstrated effective ownership of the copyright, insofar as they have not proven registration with the competent bodies.

The controversy and relevance of the topic

According to the reporting minister Raul Araujo, the decision aims to “define if the idealization of a new graphic format for the presentation of search results on the World Wide Web falls within the concept of authorial work for purposes of application of the Copyright Law and characterization of plagiarism, giving rise to compensation for material and moral damages.

The decision in question is of great importance to delimit the scope of protection of utilitarian works with conceptual elements and forms of exteriorization. It is also relevant in fostering the discussion on copyright and its limits, as well as its intersection with other forms of protection for elements of projects of utility works that can be protected by industrial property rules.

The understanding set forth by the STJ and its impacts

The Fourth Panel of the STJ held that the ruling, in recognizing the existence of plagiarism, incurred in conceptual confusion between the protection of copyrighted works and utilitarian works.

The Court noted that the works resulting from intellectual performance can be exteriorized to satisfy aesthetic interests, protected by Copyright Law, or to satisfy utilitarian interests, when they are protected by Industrial Property Law (patent, utility model, industrial design and trademark).



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(STJ - REsp 1.561.033/RS)



At this point, he drew attention to the fact that the Brazilian Copyright Law (LDA) protects, in its article 7, sketch projects and plastic works concerning geography, engineering, topography, architecture, landscaping, scenography, and science.

On the other hand, the Court noted that in its article 8 the LDA emphasizes that ideas and projects are not protected by copyright and that neither is the industrial or commercial exploitation of the ideas contained in the works protected by copyright.

In harmonizing the two above provisions, the Fourth Panel held that the projects that are mentioned in Article 7 are protected only in their plastic representation or aesthetic content, and that Article 8 makes it clear that the ideas contained in the projects are not protected by copyright.

It is also worth mentioning that paragraph 3 of article 7 of the LDA clarifies that in the field of sciences the protection falls on the literary or artistic form, not covering its scientific or technical content, without prejudice to the rights that protect the other fields of immaterial property.

When comparing these principles with the works in question, the Fourth Panel considered that the judgment with the reasoning reproduced from the sentence focused the copyright protection of the work RODA VIDA on the recognition of an innovation in itself and not on the plastic or aesthetic form of the work, as follows:

“(…) It is extracted from the appealed decision, with the reasoning reproduced from the sentence, that “the innovative character would not be in the layout of the circle, but in the way of presenting the search results on the Internet [...] The innovation is in presenting a new and original graphic form for presentation of results on the Internet that did not exist before”. From this excerpt, the courts have removed any intrinsic valuation of the work, clearly stating that the layout is not relevant in the “work” sub judice.

For the Fourth Panel, the decision supported the protection of the Defendants’ creation in the recognition of an innovation, that is, an idea that is not protected in the field of copyright, but that can be protected by the rules that protect industrial property.

He also noted that the work registered in the Registry Office of Deeds and Documents would only be a sketch and description of an idealized website, and that this idea would be distinct from the appellant company’s activity as well as its application in the concrete case.

For the Court, the possible approximation between the formats of each party in different commercial applications could at most characterize the use of an industrial design, which is not to be confused with copyright.

Furthermore, the decision understood that under Brazilian law, by article 95 of the Law 9279/1996, the Brazilian Industrial Property Law (LPI), the format or graphics used in a service, while not valued in itself for aesthetic reasons, are protected by industrial law, and that the same law, in its article 98, complements that goods subject to copyright cannot simultaneously be industrial designs, even if they may contain in their composition aesthetic elements autonomously protected by copyright.

Thus, he considered that the Defendants’ creation could potentially have been protected as an industrial design, but that for this it would be necessary to register it before the Brazilian Patent and Trademark Office (BPTO), and that this was not verified in the case records.

Finally, it denied protection to the Defendants’ creation because it does not meet the concept of copyright as it describes the operation of a website in thesis, comprising a mere idea not protected by copyright, as



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well as because its value, as recognized by the lower courts, is linked to the graphic form, which would imply the need for registration before the BPTO as an industrial design.

The decision is important for strengthening the understanding that ideas themselves are not protected by copyright and for clarifying the limits of copyright protection for projects. At this point, it is important to seek possible protection both under the copyright system and also based on the rules that protect industrial property, depending on the case.

However, it should be noted that the understanding that it is impossible for goods subject to the copyright regime to be simultaneously protected by industrial designs is not uncontested.

In fact, article 98 of the LPI, which does not consider industrial design to be any work of a purely artistic nature, does not eliminate the possibility of double protection, since there may be works with artistic content that may serve as a type of industrial manufacture providing a new and original visual result in the external configuration of a product.

Link to the full text of the decision: https://processo.stj.jus.br/processo/revista/documento/mediado/?componente=ITA&sequencial=2217127&num_registro=201401238802&data=20221004&formato=PDF



CASE 05

(STJ - REsp 2.011.730/MG)

STATUTE OF LIMITATIONS IN TRADEMARK ACTIONS: THE SUPERIOR COURT OF JUSTICE HAS SET IMPORTANT TEMPORAL STANDARDS FOR INJUNCTIVE AND COMPENSATORY CLAIMS.

Special Appeal (REsp) 2011730/MG, Single Panel Decision. Reporting Justice Nancy Andrighi, Third Panel of the Superior Court of Justice, decision issued on October 21, 2022, published on October 25, 2022.



Author: Caio Richa

Field of Law: Trademark Law

Topic: Industrial Property. Trademarks. Civil Procedure. Cessation of use order. Recovery of damages. Applicable Statute of Limitation. Time limit.

Summary

“(…) In particular, it is verified that the trial court, based on the evidence in the records, established that the holder of the industrial property right (defendant) was aware of the misuse of the trademark since the year 1978 (temporal milestone triggering the claim filed in court, therefore). As the lawsuit was only filed in 2014 (e-STJ page 2), even considering the maximum term of 20 years established in CC/16, the claim in court is time-barred. It is worth remembering that, as decided in REsp 1.357.912/SP (Third Panel, DJe 10/4/2014), once the statute of limitations has expired on the claim for refraining from using the trademark, examination of the claim for damages based on undue use of the registered sign is inapplicable.

Therefore, it is necessary to review the appealed Panel decision, since it diverged from the understanding of this Court on the controversial issue.

For these reasons, I hereby GRANT the special appeals, in order to declare the statute of limitations of the claim brought by the defendants in court.

Brief history of the litigation

It is widely known that, in automotive matters, engine durability and performance are largely dependent on good maintenance. Among the items that deserve more attention is certainly the cooling system, which is able, for example, to ensure normal engine operation even at extreme temperatures.

Unfortunately, refrigeration systems are subject to serious problems, such as overheating, corrosion, and foaming from stopping. Precisely because of this preponderance, these systems are extremely expensive to maintain, so it is important to change the coolant periodically.

Precisely aiming to commercially exploit this market niche, PETRONAS LUBRICANTS launched, about half a century ago, the trademark “PARAFLU”, to designate a special line of vehicle fluids for the protection of the cooling system of passenger cars, commercial vehicles, trucks, agricultural machines and construction machinery, providing maximum protection against freezing, boiling, corrosion and scale formation. The trademark was duly registered before the Brazilian Patent and Trademark Office (BPTO), under number 007.159.587, being granted on 05/25/1980.

Despite such consolidated, well-known, and legitimate use, PETRONAS was sued on March 12, 2014, by the Brazilian companies LARING S.A. and CASTILHO COMÉRCIO DE PRODUTOS QUÍMICOS LTDA. The Plaintiffs claimed exclusivity over “PARAFLU”, by virtue of Registration No. 814.156.541, granted on 08/28/1990.

In the first instance, the Plaintiffs were not successful: the trial judge declared the Plaintiffs’ claim to be time-barred, expressly recognizing that the PARAFLU trademark had already been exploited by the Defendant since at least 1978, in a public and notorious manner, especially in the segment in which both parties operate, which was known to the Plaintiffs.



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After an appeal, the Court of Justice of the State of Minas Gerais (TJ/MG) ended up overcoming this understanding and thus entering the merits of the case: to do so, it rejected the 10-year statute of limitations claim (for the cessation of use of the trademark), on the erroneous grounds that, as the infringement is continuous, the purported time limit would justify extension, actually being renewed every day the right is violated.

The case then took a new twist before the Superior Court of Justice (STJ): the Reporting Justice of Defendant's Special Appeal, Justice Nancy Andrighi, rendered a brilliant single decision, concluding that Plaintiffs' cessation of use claim would indeed be hindered by the passage of time (statute of limitations), even if one considered the maximum term formerly provided in our legislation (twenty years, according to Art. 117 of the old Brazilian Civil Code of 1916, vis-à-vis the ten years provided for in Art. 205 of the Brazilian Civil Code of 2002 (Civil Code), currently in force). Consequently, the damages claim should be ruled dismissed, as it would not justify entertainment anymore.

Also, according to Justice Andrighi, the appellate decision would be flawed and contradictory with case law (which applies the principle of 'actio nata' whenever the illegal act is known by the interest party).

The controversy and relevance of the topic

The controversy provided a welcome differentiation between trademark claims of different natures, setting that a certain factual premise (in this case, the acknowledgment that a visual sign is linked to a certain user) serves, in fact, as a basis for the very important civil institute of Statute of Limitations (foreseen in our legislation precisely so that lawsuits have an end and that the parties enjoy peace of mind, harmony, and equality in their lives).

The decision in question is of great importance in helping to standardize national case law on the consequences of time in legal claims of a trademark nature (and intellectual property, in general), especially when it is verified that Brazilian legal system only foresees few exceptions to prescriptive periods, namely, in the peculiar situations of bad faith (Art. 6 bis 3 of the Paris Convention) and action to annul the registration of a company name (Art. 1.167 of Civil Code). It is also relevant in fostering a legal and market scenario of greater security and reliability (with the appreciation of consolidated legal situations - *supressio* - and discouragement of baseless ambitions).

The understanding set forth by the STJ and its impacts

First of all, the decision stands out for the peculiar valuation of evidence collected previously in lower levels (that is, Enunciation No. 7 of the Precedent of the STJ – which prohibits reexamination of factual and evidence matters – was surpassed, what is exceptional in matters of Trademarks). More than that, the evidence was praised as crucial to the jurisdictional activity performed by the Superior Court, as it demonstrated the Plaintiffs' unequivocal knowledge about the use of the trademark PARAFU by PETRONAS (for example by means of instruction manuals in vehicles, as subsidies of great penetration and wide circulation).

On the merits, a brief historical contextualization is due.

As is widely known, without prejudice to the prerogative of cumulative claims, authorized by the civil procedural legislation, the claims of cessation of use of a trademark and of damages to the intellectual property

⁵Art. 6 bis (3). No time limit shall be fixed for requesting the cancellation or prohibition of the use of registered trademarks or used in bad faith.

⁶Art. 1.167. The aggrieved party may, at any time, bring an action to annul the registration of the company name made in violation of the law or of the contract.



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right hold quite different natures . Precisely for this reason, the respective statutes of limitations periods should be regulated in different ways.

As for the claim for cessation of use, until 1999, the Superior Court of Justice had consolidated, through Precedent no 142 , that the statute of limitations for such a claim was twenty years. This Precedent was revoked and, today (more precisely, as of January 11, 2003), the time period established in Article 205 of the Civil Code prevails, from which it can be inferred that the claim to oblige someone to refrain from using a trademark sign is can only be addressed within ten years.

As for the damages reparation claim, the Law no 9.279/1996, the Brazilian Industrial Property Law (LPI) is more detailed: there is an express provision (namely, Article 225) which prescribes that the statute of limitations for a civil remedy for damage caused to industrial property rights shall be five years. Such specific provision not only found shelter in the maxim that *lex specialis derogat generali* , but also suffered ratification by the Superior Court of Justice, through the edition of Enunciation no. 143 of its Precedent.

Despite the legislator's care, a true jurisprudential dispersion on a precise theme has been identified over the last few years: the a quo term of the statute of limitations, that is, from when the right to claim protection of immaterial property would arise.

The controversy extended until recently , when, within the scope of the STJ itself, judgments were identifiable in the sense that, regardless of the nature of the claim (punitive or compensatory), the right to exclusivity would be renewed every day the right is violated. Thus, as the unlawful acts perpetrated against the holder succeed one another in sequence, the statute of limitations should always run from the last of them.

Certainly, such understanding was based on an inaccurate (and quite extensive) interpretation of the theory of continuous tort: according to the teachings of Professor Dr. Caio Mário da Silva Pereira , "if the violation of the right is continuous, in such a way that the acts succeed one another in sequence, the statute of limitations runs from the last of them, but if each act gives rise to an independent action, the statute of limitations reaches each one, separately.

It is precisely because it has shed light on such an intricate interpretation - placing different concepts at different poles - that the decision at stake stands out and deserves praise.

From the outset, it can be seen that the decision established that the renewal of the statute of limitations at each new continued use would apply only to the claim for damages, inclusively limited to the hypothesis that there is no certainty as to the date on which the holder became aware of the injury to his right. In other words, it was established that the theory of continued tort would not apply to injunctive relief (cessation of use claim) and, precisely for this reason, could not prevail over the theory of *actio nata*.

In other words, if the hypothesis of uncontroversial knowledge of the illegal act is configured, it is such act that triggers the statute of limitations. Consequently, once the claim for cessation of use is time-barred, the

⁷ Motion for Rescisory Measures no. 512/DF; Reporting Justice Waldemar Zveiter, 2nd Section, on May 12, 1999, DJ 19/02/2001.

⁸ <https://www.stj.jus.br/publicacaoinstitutional/index.php/sumstj/article/view/5484/5607>

⁹ Article 2, §2, of Law nº 4.657/42 - Law of Introduction to the Norms of Brazilian Law.

¹⁰ <https://www.stj.jus.br/publicacaoinstitutional/index.php/sumstj/author/proofGalleyFile/5485/5608#:~:text=Prescreve%20em%20cinco%20anos%20a,pelo%20uso%20de%20marca%20comercial.>

¹¹ REsp 1699273 / SP; REPORTER: Justice Paulo de Tarso Sanseverino; Third Panel of the STJ; Date of Publication: DJe 18/06/2021.

¹² PEREIRA, Caio Mário da Silva. *Instituições de Direito Civil*. 25th Ed. Rio de Janeiro. Forense, 2012. P. 585.



CASE 05

(STJ - REsp 2.011.730/MG)

damages claim should be dismissed.

The decision, therefore, polarized time frames related to different claims (although extremely relevant in trademark actions), confirming that the theory of *actio nata* applies to the main cessation of use claim. Under the scenario, it is an important tool against situations of abuse of rights, since it fosters legal certainty and prevents the exercise of rights untimely (especially due to the notorious use of the trademark by the defendant).

Link to the full text of the decision: <https://processo.stj.jus.br/processo/pesquisa/?tipoPesquisa=tipoPesquisaNumeroRegistro&termo=202202033139&totalRegistrosPorPagina=40&aplicacao=processos.ea>



CASE 06

(STJ - REsp 1.912.519/SP)



A TRADEMARK CONSIDERED SUGGESTIVE/WEAK AND MITIGATION OF THE EXCLUSIVITY RULE

Special Appeal (REsp) 1.912.519/São Paulo (SP), Reporting Justice Ricardo Villas Bôas, Third Panel of the Superior Court of Justice, unanimous judgment on June 14, 2022, electronic Justice Gazette (DJe) June 17, 2022.



Author: Rafael Dias de Lima

Field of Law: Trademark Law

Topic: Suggestive/weak trademark and flexibility in the concept of trademark exclusivity.

Summary

SPECIAL APPEAL. TRADEMARK. ABSTENTION FROM USE AND COMPENSATION. SUGGESTIVE SIGN. EXCLUSIVITY. MITIGATION. UNFAIR COMPETITION. CONFUSION. NONE.

1. Special Appeal filed against a judgment published when the Code of Civil Procedure of 2015 is in force (Administrative Statement nos. 2 and 3/Superior Court of Justice - STJ).
2. The controversy is about whether the owner of the internet domain vozesmormons.com.br violates the property rights to the trademark Mormon, registered by the Church of Jesus Christ of Latter-day Saints.
3. The settled case law of the Superior Court of Justice holds that exclusivity resulting from a registration can be mitigated for weak, suggestive or evocative marks, which constitute expressions in common use that have little originality, and this can allow their use by third parties in good faith. Precedents.
4. In this case, the distinctive sign has no direct connection with the entity that registered it but refers to the very religion professed by it and, mainly, to its followers, which characterizes a merely suggestive sign and coexistence must be tolerated.
5. In this case, reviewing the understanding of the originating Appeal Court, which concluded that followers would not be confused and there was no unfair competition, would require the reexamination of evidence, which is prohibited by Precedent No. 7/Superior Court of Justice (STJ).
6. Special appeal dismissed.

Brief history of the litigation

A CORPORATION OF THE PRESIDENT OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS and ASSOCIAÇÃO BRASILEIRA DA IGREJA DE JESUS CRISTO DOS SANTOS DOS ULTIMOS DIAS filed, in April 2015, before the Court of Justice of the State of São Paulo (TJ/SP), a legal action against Marcello Jun Kawakami de Oliveira, alleging ownership of a registration for the trademark “Mormon” and, consequently, the undue and unauthorized use by the Defendant of the internet domain vozesmormons.com.br. Through this domain, the Defendant/Appellee published various articles in which the Plaintiffs/Appellants alleged the possibility of creating confusion among members of the Church who could be led to believe that the Defendant/Appellee’s website was authorized or supported by the Plaintiffs/Appellants.

Both at the first and second instance, the Plaintiffs/Appellants were unsuccessful. The TJ/SP was of the view that the word mark Mormon is composed of an evocative expression associated with a religion and its respective members. As a result, it was decided that exclusivity resulting from the registration granted by the Brazilian Patent and Trademark Office (BPTO) should be mitigated. Hence, unfair competition was not being committed.

In their Special Appeal, the Plaintiffs/Appellants claimed divergence from case law, as well as the denial of the validity of Articles 129, 130, III, and 195, III, of Law no. 9.279/1996, the Brazilian Industrial Property Law (LPI). In addition, they claimed the right to exclusive use of the trademark Mormon resulting from a registration granted “without disclaimer” by the BPTO, arguing that such term could not be deemed to be in common use and that the



domain used by the Defendant violated its property, giving rise to trademark confusion and unfair competition.

The Plaintiffs/Appellants indicated the Civil Appeal no. 0108010-82.2013.8.19.0001, from the Court of Justice of the State of Rio de Janeiro (TJ/RJ), the judgment of which recognized the protection of that same mark with respect to another Defendant, as a paradigm of the divergence.

The controversy and relevance of the topic

The judgment is intended to delimit the scope of protection, through their degree of distinctiveness, between strong marks and weak marks.

Whether the trademark is considered strong or weak, it is duly protected and approved by the BPTO, through the applicability of Articles 122 and 129 of the LPI.

However, the same degree of protection cannot be established for strong and weak trademarks due to the difference in originality and distinctiveness between them. The Judiciary must mandatorily carry out this analysis and differentiation to avoid attributing a degree of novelty so great to weak trademarks which would allow a monopoly for third parties to the detriment of their competitors.

Hence, this judgment by the Superior Court of Justice (STJ) is of great importance to assist in the standardization of domestic case law on the existing limitation in relation to weak marks (evocative or suggestive) because they are somehow related to the product and/or service they designate (mitigation of their protection with respect to third parties) and cannot be protected to the same degree as strong marks (which are completely dissociated from the characteristics of the goods and services they designate).

The understanding set forth by the STJ and its impacts

The judgment confirmed by the 3rd Panel of the STJ, by differentiating and delimiting the scope and limit of protection existing between strong (fanciful) and weak (suggestive or evocative) marks, confirms the understanding that has been settled by the Brazilian Courts (including the STJ itself) on the subject, in addition to seeking the standardization and greater reflection on the subject through practical and concrete examples.

The reporting Justice, in his vote, initially discusses the applicability of the protection set forth in Articles 122 and 129 of the LPI, as well as the limitation imposed by Article 124 of the same law.

Next, the reporting Justice very clearly defines the scope, criteria and difference from a legal perspective existing between signs denominated as: (a) evocative or suggestive; (b) arbitrary; (c) fanciful.

And, going into the issue of the merits, he differentiates evocative signs (weak marks that receive a limited level of protection) from those considered fanciful (strong marks with a high degree of originality and distinctiveness).

It is the Judiciary's responsibility to determine and apply this difference in the degree of distinctiveness/exclusivity (in the case of the ruling on the trademark "Mormon"), to correctly decide whether to apply mitigation of rights for a given trademark.

It should be noted that the reporting Justice's vote mentions several of the STJ's precedents which confirm exclusivity is mitigated when dealing with an admittedly evocative/weak mark.



CASE 06

(STJ - REsp 1.912.519/SP)



The judgment, recognizing that the word “Mormon” refers to religious institutions and the services they provide, confirms that its degree of distinctiveness is limited, and categorizes it as a weak trademark, the abstention from use of which should be mitigated against third parties.

As a result of this position, consequently, the STJ rejects the bad faith alleged by the Plaintiffs/Appellants since the use of the term Mormon (in the domain name vozesmormons.com.br) by the Defendant/Appellees is not capable of causing confusion in the market and/or diverting clientele.

In addition to the above issue, the vote goes further by stating that because the term Mormon was adopted by the Defendant/Appellee in a distinctive manner (by adding another term to it – “vozesmormons” [Mormon voices]) it allowed complete distinction by the public and avoided any harm to the owners of the trademark Mormon.

This judgment, in an exemplary manner, at the same time aligns the understanding that “weak” trademarks do enjoy protection, but, since their distinctiveness is restricted, this protection has limited/mitigated extent with respect to third parties.

This important position by the STJ not only ratifies and settles the precedent on weak trademarks, but also promotes fair competition among companies and other institutions.

Link to the full text of the decision: https://processo.stj.jus.br/processo/julgamento/eletronico/documento/mediado/?documento_tipo=integra&documento_sequencial=156660892®istro_numero=202003373818&peticao_numero=&publicacao_data=20220617&formato=PDF



CASE 07

(STJ - REsp 1.766.773/RJ)

THE LACK OF LIMITATION OF THE NULLITY ACTION OF THE TRADEMARK REGISTERED IN BAD FAITH AND THE INTERPRETATION GIVEN BY THE SUPERIOR COURT OF JUSTICE TO ARTICLE 124, XXIII OF LAW 9.279/1996.

REsp 1.766.773/RJ, Reporting Justice Ricardo Villas Bôas Cueva, Third Panel of the Superior Court of Justice, unanimously, judged on November 22, 2022, DJe. November 29, 2022.



Authors: Paulo Henrique Paiva Santos and Roberta Xavier da Silveira Calazans

Field of Law: Trademark Law

Topic: Registration. Annulment/award. Bad faith. Applicant. Holder. Union country. Confusion or association. Possibility. Limitation. Removal. Incompetence. Federal Justice. Impossibility.

Summary

2. The conflict is limited to verifying i) the existence of bad faith of the applicant of the trademark registration in dispute and the applicable legal consequences; ii) the statute of limitation that must be considered in the case, iii) the jurisdiction of the Federal Court to judge the cumulative requests for modification of the trade name and cancellation of the electronic address and iv) the adequacy of the attorney fee set forth in the hypothesis. 3) Article 124 of the LPI expressly prohibits the registration, as a trademark, of a sign that reproduces or imitates a prior registered trademark or, if not registered, of which the applicant could not be unaware due to his activity, when both designate identical, similar, or akin products or services, giving rise to confusion or association. 4) Besides the observance of the principles governing the subject, the registration of a mark must observe its distinctive character, requiring uniqueness in its field of activity, which is not verified in the present case, where the imitation of the mark is blatant, which inexorably contaminates the validity of the administrative act of registration. 5 The STJ jurisprudence is that the term to request cancellation of the registration is 5 (five) years (art. 6, bis, 2), except in the case of bad faith, when the request can be made at any time by the interested party (art. 6, bis, "3"). Precedents. 6 The requests for change of trade name and cancellation of e-mail address are not mere unfolding of the main issue. Both require their own direct action against the first defendants, without the need of intervention by the BPTO, which rules out the jurisdiction of the Federal Court. 7. Special appeal partially known and, in extension, partially provided.

Brief history of the litigation

PERMABOND LLC is worldwide known in the adhesives and sealants segment for high industrial applications, and it is the legitimate creator of the famous PERMABOND adhesive/sealant. Its first Brazilian registration for the word mark PERMABOND was granted on June 25, 1979, under number 006.947.743.

In this connection, intending to benefit from the fame and prestige of the trademark, the company PermaBond Adesivos Ltda has slyly appropriated the PERMABOND trademark in the national territory.

Accordingly, on October 17, 2006, in default of PERMABOND LLC, it cancelled the trademark registrations and, since then, has made efforts to act illicitly in the same market niche, totally reproducing PERMABOND LLC's sign, also using PERMABOND LLC's commercial name and domain name, and obtaining its own registrations in clear bad faith, which, as will be shown below, was considered reprehensible by the Superior Court of Justice (STJ).

Aware of the facts and the usurpation, PERMABOND LLC, filed a lawsuit aiming, with basis on arts. 2, section V, 124, section XXIII, 195, section III of the Law 9.279/1996, the Brazilian Industrial Property Law (LPI), arts. 6 bis (3) and 10 bis of the Paris Convention, the adjudication or, alternatively, the cancellation of the registrations already granted by the Brazilian Patent and Trademark Office (BPTO) to the company PermaBond Adesivos Ltda



for the trademarks PERMABOND and PERBOND, the rejection of applications pending examination by BPTO, as well as the cessation of use of the said trademarks.

The requests were partially granted by the first instance judge that ruled “(...) the nullity of registrations nr. 821.177.230; 826.422.560 and, 826.467.377, referring to the trademark PERMABOND, granted to the defendant company, PERMABOND ADESIVOS LTDA, which must change its company name, within 60 (sixty) days from the res judicata, excluding the characteristic element PERMABOND, under penalty of a daily fine of R\$ 10.000.00 (ten thousand reais), in case of non-compliance, as well as the cancellation of the domain name www.permabond.com.br, and notifying Registro.BR to comply with the decision”.

However, in the appeal instance, the 2nd Regional Federal Appellate Court dismissed PERMABOND LLC’s appeal and granted the appeals filed by the BPTO and by PERMABOND ADESIVOS LTDA.

It is in this context, therefore, that PERMABOND LLC has filed a Special Appeal.

The controversy and relevance of the topic

As seen, the main discussion is whether: (i) the notoriety of the trademark is or is not a prerequisite for cancellation of a registration when the applicant’s bad faith is evidenced; (ii) whether the use of the foreign trademark as of a registration applied for in bad faith configures unfair competition and is likely to mislead consumers; (iii) whether or not the premise that the company PERMABOND LLC already had the trademark registered in Brazil (declared lapsed by the BPTO) can serve to empty the illegality in the violator’s conduct; and (iv) whether the Federal Court has jurisdiction to judge the cumulative pleas for change of trade name and cancellation of e-mail address.

The Brazilian legal text foresees protection against bad faith, starting with art. 124, XXIII, of the LPI. It so happens that, despite the doctrinaire position on the theme - even quoted by the Panel decision under analysis - the STJ never had the opportunity to deal with the matter directly, only in a lateral manner.

Hence, the relevance of the decision: the absence of previous determining grounds to guide the issue; and, on the other hand, a paradigm that, based on the grounds contained herein, will enlighten other similar cases, either by having the same factual and legal issue or by serving as a *distinguishing feature*. As seen.

The understanding set forth by the STJ and its impacts

When examining the proposed legal issue, the renowned Third Panel of the STJ overruled the understanding reached by the 2nd Specialized Panel of 2nd Regional Federal Appellate Court in the judgment of the appeal, and which had understood, in turn, that the simple fact that there is no recognition of the notoriety of the mark, the bad faith was not sufficient to grant the initial requests to cancel the registrations already granted by the BPTO for the marks PERMABOND and PERBOND, reject the applications pending analysis, as well as the cessation of use of the aforementioned marks.

¹³ DANNEMANN, Siemsen Bigler & Ipanema Moreira. Comentários à lei de propriedade industrial e correlatos. Rio de Janeiro, São Paulo: Renovar, 2005, p. 253, emphasizes this idea that there should be an extraterritorial nature to the device: “The fact that causes the application of the prohibitive rule of 124, XIII, is the malicious conduct of the applicant for registration, because he is a person in the business and has access to what is happening in the market. It is emphasized that it does not have to be in the domestic market or even known here, it is enough that the trademark be used in the international market and that the person seeking registration could not in any way be unaware of it because it belongs to the same branch of activity, or to a similar or similar branch of activity.



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It is also important to note that the Panel decision of the 2nd Regional Federal Appellate Court concluded that the Federal Court did not have jurisdiction to judge the requests for change of trade name and cancellation of e-mail address, and this understanding was maintained by the Panel decision of the STJ, as according to the understanding of the Justices “(...) being cumulative requests that are not cognizable by the Federal Court, the appealed decision does not need to be overruled”.

With respect to the jurisdiction of the Federal Court, it should be noted that, with the partial granting of the special appeal to cancel the registrations referring to the PERMABOND mark, another position from the Collegiate was to be expected. One, because of the interpretation of article 173, of the LPI, which does not make any restriction in this sense. Two, because of the rule of art. 327 of Brazilian Civil Procedure Code (CPC/15), which expressly admits cumulative claims. Three, because it is untenable, in light of the constitutional principles of procedural economy and efficiency, to force a new demand in the State Court when the Superior Court has already recognized the cancellation of the registration.

Nevertheless, despite the referred issue on the jurisdiction of the Federal Court, which really needs to be better considered by the Second Section of the STJ, the decision of the Third Panel was, on the other hand, correct in interpreting art. 124, XXIII of the LPI, to allude that: *“as it is clear from the records that the second defendant, Mr. JOÃO BATISTA SILVA NETO, worked in a company in the same line of business and had prior knowledge of the existence of the mark, it is evident that his attempt to appropriate the original idea in order to commercially exploit, in Brazil, similar products, and in the same line of business as the international competitor, constitutes an act of evident bad faith.”*

This is because, as explained in the vote of the Reporting Justice Ricardo Villas Bôas Cueva, once bad faith is verified, “there is a high possibility that the trademark “PERMABOND” reproduced in Brazil will be confused or associated with the same trademark marketed in other countries, which also attracts the provisions contained in art. 10 bis of the Paris Convention.

It is in this context that the importance of the case for the segment must be emphasized, for, in addition to the fact that it is rare for the various Precedents of the Court to be overcome in order to analyze the appeal merit, which makes it difficult, it should be noted, to standardize the rules concerning industrial property, the Court brilliantly realigned its jurisprudence with a prospective eye, worthy of a Court of precedents, since it re-signified the very normative nature of article 124, item XXIII, of LPI.

In fact, it is possible to state that the Superior Court has fulfilled its constitutional role, notably when it stated that, in light of art. 124, V and XXIII, of LPI and 10 (bis) of Paris Convention, it is not possible to allow a third party to appropriate, without consent, a trademark of which it was fully aware.

In other lines, the Superior Court has projected to the segment that the logical-systematic assumption that underlies the competitive order is good faith, and that obtaining a registration cannot have, at its core, anti-competitive, unfair, opportunistic, and full of bad faith attitudes, because the Brazilian legal system, widely highlighted above, expressly forbids the administrative claim that has as its sole support column parasitic exploitation.

Well, if we take into consideration that, in the case at hand, there is a high possibility that the trademark

¹⁴ “(1) The countries of the Union undertake to assure nationals of the countries of the Union effective protection against unfair competition. Article 10a (2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition. Art. 10a (3) In particular, the following shall be prohibited: 1. any act liable by any means whatsoever to create confusion with the establishment, the products, or the industrial or commercial activities of a competitor; (...).”



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“PERMABOND”, reproduced in Brazil, can be confused or associated with the same trademark marketed in several other countries, the understanding of the judging Panel is correct, because, as we all know, granting protection to a trademark whose previous use the applicant could not have been unaware of was a sign used by third parties, in Brazil and/or abroad, is null and void.

In fact, if the appellate court had understood differently, i.e., in the sense of allowing a national company to use a trademark previously registered elsewhere in the world, it would not only be allowing a person who is not the owner to enjoy the rights inherent to that trademark, but it would also be making the situation unsustainable, given the seal for spurious acts of bad faith.

This did not occur and the Panel decision evolved to establish an understanding in the sense that the declaration of forfeiture, as occurred in this case, must have reasonable limits, under penalty of punishing the entire competitive market: the consumers, because they believe they are acquiring a product sold in several countries, the trademark owner, who invests large sums in the trademark, and the other competitors, because they cannot count on an efficient *marketing* strategy against the internationally known trademark.

Therefore, the decision is undoubtedly valuable for industrial property, either because it constructed a prohibitive principal rule for trademark applications in bad faith or using fraudulent means; or because it understands that the absence of recognition of high reputation, by itself, does not imply an opening for appropriation by third parties, since art. 124, item XXIII, of LPI, lists several situations that prevent the registration or finally because it emphasizes that the distinctive character, claiming uniqueness in its field of activity, must be the safe guide for registration.

Link to the full text of the decision: https://processo.stj.jus.br/processo/julgamento/electronico/documento/media-do/?documento_tipo=integra&documento_sequencial=171463575®istro_numero=201802399128&peticao_numero=&publicacao_data=20221129&formato=PDF



CASE 08

(STJ - REsp 1.944.265/RS)

THE ASSESSMENT OF CONFLICT BETWEEN A COMPANY NAME AND A TRADEMARK MUST TAKE INTO CONSIDERATION, BESIDES THE CRITERION OF ANTERIORITY, THE PRINCIPLES OF SPECIALTY AND TERRITORIALITY.

Special Appeal (REsp) 1.944.265/RS, Reporting Justice Nancy Andriahi, Third Panel of the Superior Court of Justice, unanimously, judged on May 3, 2022, DJe May 6, 2022.



Author: Rafaela Borges Walter Carneiro

Fields of Law: Trademark / Company name

Topic: Conflict between Company Name and Trademark. Criteria for assessing conflict. Anteriority, territoriality, and specificity.

Summary

“Both the company name and the trademark enjoy legal protection with a dual purpose: on the one hand, both are protected against usurpation and undue economic advantage; on the other hand, the aim is to prevent the consumer public from being confused as to the origin of the good or service offered in the market. 4) Article 124, V, of the Industrial Property Law establishes a situation that leads to the refusal of the granting of a trademark registration by the competent authority: when it is found that the reproduction or imitation of a characteristic or differentiating element of the title of an establishment or business name previously registered by third parties may cause confusion or undue association among consumers. 5. in order to evaluate the conflict between company name and trademark, besides verifying the fulfillment of the anteriority criteria, the principles of territoriality and specificity must be taken into consideration. 6 The alteration of the conclusions of the Court of origin, in the sense that the litigant companies operate only regionally and in units of the federation that are distant from each other, a circumstance that rules out any risk of confusion or undue association on the part of consumers, would require rehearing of the evidence of the case, which is prohibited by Precedent 7/STJ. SPECIAL APPEAL NOT ALLOWED.”

Brief history of the litigation

The company Liberté Veículos Ltda, which adopted its company name on June 24, 2004, filed ordinary action 5014947-16.2015.04.7205, before the 2nd Federal Court of Blumenau/SC, to reverse the invalidity of the trademark registration 826771998, for the word and figurative trademark LIBERTÉ VEÍCULOS. This registration was invalidated by the Brazilian Patent and Trademark Office (BPTO) based on article 124, item V of the Law 9.279/1996, the Brazilian Industrial Property Law (LPI).

The mentioned decision was based solely on the anteriority of the company name of Liberte Veículos Comércio e Serviço Eireli, which was constituted on February 9, 2001.

The sentence dismissed the action and maintained the invalidity of the trademark registration LIBERTÉ VEÍCULOS, but with an extra petita judgment, as recognized by the appellate decision that succeeded it in the following terms:

“Therefore, trademark registration no. 826771998, granted to the plaintiff on May 4, 2010, was cancelled by the BPTO for violation of art. 124, V of Law 9.279/96, which expressly provides for the impossibility of registering a trademark that conflicts with the establishment title or company name of a third party. Thus, the discussion must be restricted to the existence - or not - of a conflict between the plaintiff’s trademark and the second defendant’s company name. Although the plaintiff filed an administrative opposition to the trademark application “Citroen Liberte” on December 29, 2009, this issue is not the subject matter of this case, especially since the 2nd defendant has not yet been granted registration of the trademark. Therefore, the sentence, when analyzing the issue also from



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the point of view of the colliding marks, dismissed the initial request “considering that the second defendant has been using the mark CITROEN LIBERTE for longer than the plaintiff has been using the mark LIBERTE VEICULOS, (Event 33), exceeds the limits established by the cause of action, including by attributing to the second defendant the right to register the mark, going far beyond what was discussed in the process, characterizing judgment extra petita; Therefore, it is considered null and void. (e-STJ pages 318/319)”

The Appeal Court, then, understood that it was not necessary to return the case records to the court of origin for a new trial (and on this point there was no insurgency by the BPTO, thus precluding the issue) and preceded to the appreciation of the controversial issue, i.e:

The possibility or not of coexistence of the mark LIBERTÉ VEÍCULOS and the company name LIBERTÉ VEÍCULOS COMÉRCIO E SERVIÇO EIRELI.

In analyzing the above point, the Appeal Court decided that the trademark and the company name could coexist without the possibility of confusion of the consuming public, undue association or unfair competition as follows:

“In this case, although both companies operate in the same market segment (resale of vehicles, even if from different assemblers), their establishments are located in different regions of the country: the plaintiff, by contract, is limited to act in the region of Blumenau, Itajaí, Jaraguá do Sul and Balneário Camboriú, all cities in the State of Santa Catarina (OUT 8 - Event 1); while the 2nd defendant - and its subsidiaries - have establishments in the State of Goiás (Goiânia, Anápolis, Aparecida de Goiânia) and in the Federal District (OUT9 - Event 1). From this, it is extracted the total impossibility of confusion of the consuming public, undue association or, even, unfair competition.”

Against this decision, the BPTO filed a Special Appeal, before the Superior Court of Justice (STJ), claiming that the territorial scope of activity of the companies in dispute is not a requirement under industrial property law for granting preference in trademark registration. It also argued that there was conflict between two trademarks since the Defendant uses the sign CITROEN LIBERTÉ and that in analyzing the conflict between the signs it would be necessary to determine who has been using the sign as a trademark for longer, as well as that the Defendant has been using the fantasy name since 2001, while the Plaintiff only adopted its name in 2004.

The controversy and relevance of the topic

The decision aims to define which criteria should be observed to decide whether a previously registered company name can be an impeditive factor for the granting of a subsequent trademark registration, when both companies have the same fantasy element in their company name.

The decision in question is of great importance in helping to standardize national jurisprudence on the application of Article 124, V of the LPI, which prohibits the registration as a trademark of a reproduction or imitation of a characteristic or differentiating element of the title of an establishment or the name of a third party's company, likely to cause confusion or association with these distinctive signs.

The understanding set forth by the STJ and its impacts

Preliminarily, it is important to highlight that the STJ Third Panel upheld the understanding that the analysis carried out by the court of origin under the focus of the conflict between the trademarks exceeded the limits of the action, which focused only on the analysis of the conflict between Libertè Veículos Ltda's trademark and



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Libertè Veículos Comércio e Serviço Eireli's company name.

On the merits, the Court recognized that both the trademark and the company name are capable of conferring a specific identity to the commercialized products or services, being able to add with the course of time elements to assess their origin and quality.

The third panel also recognized that although they have different purposes, both names and trademarks enjoy legal protection for dual purposes:

- against usurpation and undue economic advantage; and

- to avoid that the consuming public is confused about the origin of the good or service offered in the market.

The Court also considered that the law grants in the conflict between company name and trademark the same treatment given to conflict between trademarks, including, citing passage of work of the office:

“The new law [9.279/96], by consecrating these principles, gives the comparison between company name and trademark the same treatment applicable to the conflict between trademarks. The addition of the concept of association is opportune here, to avoid the parasitic economic profit from the prestige of another's company name. (DANNEMANN, SIEMSEN, BIGLER & IPANEMA MOREIRA. Intellectual Property in Brazil. Rio de Janeiro: PVDI, 2005, p. 228.”

On the merits, the Superior Court reinforced that it is a well-established understanding of the STJ that in order to assess the conflict between trademarks and distinctive signs protected by other forms of protection, such as company name and title of establishment, it is not possible to restrict the analysis to the criterion of anteriority, but it must also take into consideration the principles of territoriality and specialty, as a corollary of the need to avoid error, doubt or confusion among users (Resp. 1.232.658/SP, Third Panel, DJe Dec. 25, 2012).

In the analysis of anteriority by the court of origin, it was recognized that Libertè Veículos Comércio e Serviço Eireli was ahead of time in adopting the corporate name. Likewise, it was attested that both companies operate in the same market segment, thus satisfying the specialty requirement.

However, with regard to territoriality, the Court emphasized that the court of origin analyzed that the company Libertè Veículos Ltda has activities restricted to Santa Catarina and that Libertè Veículos Comércio e Serviço Eireli had its acts filed in the State of Goiás, without having complementary registration of its acts of incorporation with the Boards of Trade of all the States of the Federation.

In this regard, it was highlighted that the mere registration of a company with the Board of Trade of any unit of the federation, in isolation, does not have the power to confer the holder the right to use the expressions contained in its trade name exclusively in the entire national territory (articles 1166, caput and sole paragraph of the Civil Code and 61, paragraph 1 and 2 of Decree 1800/96).

Thus, the Court understood that by the incidence of the principle of territoriality it is not possible to conclude that there is conflict between the signs and, therefore, it did not see any invalidity in the granting of the trademark registration to Libertè Veículos Ltda.

The decision in question raises the need to carefully evaluate the three conditions for conflict between Company name and trademark. It is not enough just to define the anteriority in the adoption of the company name, but it is necessary to go beyond and verify if there is a relation of identity or affinity between the fields of activity of the companies, as well as to inquire and present the pertinent evidence about the territorial scope of



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the companies' activities.

On this point, the decisions of the court of origin and the Special Appeal raised the absence of an application for extension the company name protection in others Boards of Trade to deny a national protection to the company name.

This is undoubtedly a controversial issue, since in practice the Boards of Trade do a very limited analysis of possible conflicts, which limits the usefulness of this extension request, not to mention the costs involved.

As the decision of the court of origin also analyzed other elements to define the territorial extension of the companies' activities (the fact that the Plaintiff's activities are defined in the contract and restricted to three cities in Santa Catarina), it seems possible to try to supplant the eventual lack of a request to extend the protection of the company name with evidence of a broad territorial activity, such as the existence of stores in several states, and sales throughout the country through digital channels.

Link to the full text of the decision: [//processo.stj.jus.br/processo/revista/documento/mediado/?componente=ITA&sequencial=2167429&num_registro=202101801193&data=20220506&formato=PDF](http://processo.stj.jus.br/processo/revista/documento/mediado/?componente=ITA&sequencial=2167429&num_registro=202101801193&data=20220506&formato=PDF)



CASE 09

(STJ - REsp 1.726.804/RJ)

STJ: FOR THE CHARACTERIZATION OF TRADEMARK INFRINGEMENT IT IS NECESSARY THAT THE COEXISTENCE IS APT TO CAUSE CONFUSION IN THE CONSUMER OR HARM TO THE OWNER OF THE PREVIOUS TRADEMARK.

Special Appeal (REsp) 1.726.804/RJ, Reporting Justice Moura Ribeiro, Third Panel of the Superior Court of Justice, unanimously, judged on September 27, 2022, DJe September 29, 2022.



Authors: Filipe Fonteles Cabral and Isadora Picalo Quiuqui

Fields of Law: Unfair Competition / Trade Dress / Trademark Law

Topic: Trademark infringement. Imitation of *trade dress*. Unfair competition. Non-occurrence. Absence of confusion to the consumer or diverting of costumers.

Summary

SPECIAL APPEAL. CIVIL. CIVIL PROCEDURE. APPEAL UNDER THE NCPC. INJUNCTION. VIOLATION OF TRADEMARK RIGHTS. IMITATION OF TRADE DRESS. UNFAIR COMPETITION. INOCURRENCE. ABSENCE OF INEDITISM, CONFUSION TO THE CONSUMER OR DEVIATION OF CLIENTELE. ACKNOWLEDGEMENT BY THE RIO DE JANEIRO COURT. REEXAMINATION OF FACTUAL MATTER. OBSTACLE OF PRECEDENT 7, STJ. SUPPRESSION. LOSS OF THE RIGHT OF APPROPRIATION OF THE CLOTHING, FOR LACK OF INTENT. HARMONIC COEXISTENCE BETWEEN THE MARKS, FOR MORE THAN FORTY YEARS. DISMISSED APPEAL. INCREASE OF THE FEES. ARTICLE 85, § 11, Civil Procedure Code of 2015 (CPC/2015). 1. appeal filed in the validity of the CPC/2015, reason why it must be required the requirements of appellate admissibility as provided therein, in accordance with Administrative Statement No. 3 approved by the Plenary of the STJ in the session of March 9, 2016: Appeals filed on the basis of the CPC/2015 (concerning decisions published as of March 18, 2016) will be required to meet the requirements for appellate admissibility in the form of the CPC/2015. 2. for the characterization of trademark infringement, it is not sufficient to demonstrate the similarity of the signs and the overlapping or affinity of the activities. It is necessary that the coexistence of the marks be capable of causing confusion to the consumer or harm to the owner of the previous mark, constituting unfair competition. Precedents. 3) The doctrine created parameters for the application of 124, XIX, of Law 9279/1996 to the concrete case, listing criteria to evaluate the possibility of confusion of marks: a) degree of their intrinsic distinctiveness; b) degree of similarity between them; c) legitimacy and fame of the alleged infringer; d) time of their coexistence in the market; e) kind of products in conflict; f) specialization of the target public; and g) dilution. 4 Based on the factual and proven elements in the case records, the Court of origin concluded that there was no unfair competition between the TRATEX brand and the NEUTROX brand, since they have coexisted since the 1970s. 5. Lack of originality/pioneering and vulgarization of the package used, which followed market trends, like many other brands in the same segment, and there is no confusion or undue association among consumers. 5 - The revision of the understanding established in the lower court attracts the application of Precedent No. 7 of the STJ. 6. Hypothesis that subsumes suppression, for lack of animus in the defense of the trade dress. Inertia that culminated in the loss of the right of appropriation of the trade dress. 7. Harmonic coexistence between the marks for more than forty years, with no news of litigation or conflict during that period. Absence of real competition between the marks. 8. dismissal of the appeal, with increase of fees, pursuant to article 85, § 11 of the CPC/2015, not being applicable, in this case, the limit provided by § 2 of the same article because the fee was established based on equity (article 20, 4 of the CPC/1973).

Brief history of the litigation

The lawsuit concerns the alleged violation of the *trade dress* of the hair conditioner “NEUTROX”, belonging to the company J&F Participações S.A. (J&F), by Dragão Química Indústria e Comércio Ltda (Dragão).

In 2011, the owner of NEUTROX trademark filed an injunction for violation of trademark rights, unfair com-



petition practice, and compensation for damages, against Dragão, before the Court of Justice of the State of Rio de Janeiro (TJ/RJ). In short, J&F claims that Dragão's product violates the image-set of NEUTROX conditioner, by using in its packaging several visual characteristics present in the competitor's product, in particular: a cylindrical shape with translucent body and yellow content, carrying the name, signs and cap in red.

Although the claim was granted in the first instance, the Defendant filed an appeal, which was partially granted. In the second instance, based on the application of the 360° Trademark Confusion's Test methodology, the Court decided for the inexistence of the practice of unfair competition by Dragão.

Dissatisfied, J&F filed a Special Appeal, before the Superior Court of Justice (STJ) claiming, in sum, violation of articles 130, item III (trademark dilution) and 195, III (unfair competition), of the Law 9.279/1996, the Brazilian Industrial Property Law (LPI), as well as article 373 of the CPC/2015, *"to the extent that the 'a quo' Court required, for the configuration of the practice of unfair competition, requirements that the Brazilian legislature did not provide for"*. The appellate decision under analysis resulted from the mentioned Special Appeal.

The controversy and relevance of the topic

The decision in question is of great importance in conflicts between distinctive signs because it reinforces the understanding that "in order to characterize trademark infringement, it is not sufficient to demonstrate the similarity of the signs and the overlapping or affinity of the activities. It is necessary that the coexistence of the marks be capable of causing confusion to the consumer or harm to the owner of the previous mark, constituting unfair competition".

In the investigation and evaluation of the possibility of confusion, the 360° Trademark Confusion's Test reaffirms its effectiveness as a scientific methodology capable of assisting judges, experts, and lawyers.

The understanding set forth by the STJ and its impacts

The Special Appeal filed by the Plaintiff was unanimously denied by the 3rd Panel of the STJ, according to the vote of the Reporting Justice Moura Ribeiro. The Reporting Justice states that the application of the Industrial Property Law aims to prevent possible confusion and/or undue association, and the elements that make up the "clothing" of the product (packaging, colors, decorations) have a direct influence on consumer perception.

In contrast, he reiterates that it is necessary to weigh the exercise of free competition, limiting the State's action against a conduct, when the act pointed out as unfair causes confusion to the consumer or harm to the owner of the previous trademark.

In this sense, the judgment points to the importance of doctrinal support, more specifically of the 360° Trademark Confusion's Test, in evaluating the possibility of trademark confusion, validating the following parameters proposed by the methodology in question: I. Degree of intrinsic distinctiveness of the marks; II. Degree of similarity of the marks; III. Legitimacy and fame of the alleged infringer; IV. Time of coexistence of the trademarks in the market; V. Species of the products being compared; VI. Specialization of the target public; VII. Dilution.

Applying the 360° Trademark Confusion's Test, the TJ/RJ decided that there was no practice of unfair competi-

¹⁵ The 360° Trademark Confusion's Test, Revista da Associação Brasileira da Propriedade Intelectual, no. 132, Sept/Oct 2014, p. 14/22.



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tion by the Defendant, an analysis now ratified by the STJ. In view of such reasoning, the Justice points out that a reassessment of the matter is inadmissible, since it would imply a reexamination of the evidence and facts, which is prohibited by Precedent 7 of the STJ.

Another point of the judgment that deserves attention is the Court's understanding that the institute of *suppressio* would apply to the Plaintiff's claim. Due to the absence of action by the owner of NEUTROX for more than 40 (forty) years, the expectation was created in the other party that this right would no longer be pursued, which would imply a clear affront to the principle of good faith.

Finally, the Reporting Justice concludes that the pacific coexistence in the market of these trade dress, as well as the existence of several other similar packages already used by competing companies since the 1970s, culminated in the generalization of the packages under examination.

It is worth noting that the "coexistence time" and the "dilution" of the distinctive signs are two of the criteria of the 360° Trademark Confusion's Test. The decision thus reinforces the harmony of this methodology with other principles of the legal system and reiterates the importance of analyzing all the circumstances of the concrete case to characterize a possible *trademark/trademark dress* infringement.

Link to the full text of the decision: https://processo.stj.jus.br/processo/julgamento/eletronico/documento/mediado/?documento_tipo=integra&documento_sequencial=166174511®istro_numero=201800186878&peticao_numero=&publicacao_data=20220929&formato=PDF

¹⁶ Precedent 7 of the STJ: The pretension of simple reexamination of evidence does not give rise to special appeal. DJ 03.07.1990 p. 6478



SPECIAL CONTENT

CASE 10 (STF - ADI 5529/DF)

THE DECLARATION OF UNCONSTITUTIONALITY OF THE SOLE PARAGRAPH OF ART. 40 OF LAW 9.279/1996 BY THE BRAZILIAN SUPREME COURT

Direct Action of Unconstitutionality (ADI) 5529/DF, Reporting Justice Dias Toffoli, Brazilian Supreme Court Plenary, by majority vote, judged on April 28, 2021, April 29, 2021, May 5, 2021, May 6, 2021, and May 12, 2021. Dje. September 1, 2021.



Author: Luiz Henrique O. do Amaral

Field of Law: Patent Law

Topic: Direct action of unconstitutionality. Term of effectiveness of Patents. Sole paragraph of art. 40 of Law n° 9.279/1996. Unconstitutionality.

Summary

“Direct action of unconstitutionality. Sole paragraph of Art. 40 of Law n° 9.279/1996. Industrial property law. Extension of the term of validity of patents in the hypothesis of administrative delay for the appreciation of the request. Indetermination of the term of exclusive exploitation of the invention. Offense to the legal security, to the patent temporality, to the social function of the intellectual property, to the reasonable duration of the process, to the efficiency of the public administration, to the free competition, to the consumer’s defense and to the right to health. Granting of the request. Modulation of the effects of the decision.” (...) “These records having been seen, reported and discussed, the Justices of the Federal Supreme Court, in conformity with the minutes of the trial and pursuant to the vote of the Rapporteur, Justice Dias Toffoli, by majority vote, with Justices Roberto Barroso and Luiz Fux (President) dissenting, agree to hear the direct action and grant the request to declare the unconstitutionality of the sole paragraph of art. 40 of Law No. 9279/1996. The Justices further agree, in accordance with the vote of the Reporting Justice Dias Toffoli (Justices Roberto Barroso and Luiz Fux (President) modulated the effects of the decision to a greater extent), by majority vote, with Justices Edson Fachin, Rosa Weber and Marco Aurélio dissenting, to modulate the effects of the decision declaring the unconstitutionality of the sole paragraph of art. 40 of LPI, giving it ex nunc effects, as of the publication of the minutes of this judgment, in order to maintain the term extensions granted to patents based on the legal precept and to preserve the validity of the patents already granted and still in force as a result of the application of said precept, excepting from the modulation (i) the lawsuits filed on or before April 7, 2021, (date of the partial granting of the injunction in this case); and (ii) the patents that have been granted with term extension related to pharmaceutical products and processes and to health equipment and/or materials, operating, in both situations, ex tunc effect, which will result in the loss of the term extensions granted based on the sole paragraph of art. 40 of LPI, respecting the term of effectiveness of patents established in the caput of art. 40 of Law No. 9279/1996 and safeguarding any concrete effects already produced as a result of the extension of the term of effectiveness of these patents”.

Brief history of the litigation

The Attorney General’s Office (PGR) filed, in May 2016, before the Brazilian Supreme Court (STF), a Direct Action of Unconstitutionality (ADI) requesting the declaration of unconstitutionality of the sole paragraph of Article 40 of Law 9279/1996, Brazilian Industrial Property Law (LPI). The contested provision dealt with the extension of the term of patents in the event of delay in the analysis and granting of patent applications by Brazilian Patent and Trademark Office (BPTO).

The caput of article 40 of LPI stipulates that “a patent invention will have a term of 20 (twenty) years and a utility model patent a term of 15 (fifteen) years, counted from the filing date”. However, the sole paragraph of this article determined that the term of validity would “not be less than 10 (ten) years for patents of invention



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and 7 (seven) years for utility model patents, counted from grant, except when BPTO is prevented from proceeding with the examination as to the merit of the application, due to a proven *pendente lite* or for reasons of “force majeure”.

In its initial plea, the PGR alleged that the legal provision object of the action offends: the legal security (art. 5, caput of the Constitution of the Brazilian Federative Republic of 1988 (CRFB/88)); the free competition (art. 170, item IV of the CRFB/88); the consumer’s protection (arts. 5, item XXXII and 170, item V of the CRFB/88); the social function of property (art. 5, item XXIII of the CRFB/88); the reasonable duration of the process and the means that ensure its speedy processing (art. 5, item LXXVIII of the CRFB/88); and the general principles of public administration (art. 37, caput of the CRFB/88). In addition, it was argued the offense of the § 6 of art. 37 of the CRFB/88, which provides for the accountability of public agents for damages they cause to third parties.

In general terms, the PGR argued that the sole paragraph of art. 40 of the LPI made the term of validity of the patent indeterminate, because, by virtue of this legal provision, the exact term of the patent would not be known until the date of its granting. It argued that in the event of a delay by the BPTO in granting patents - more than 10 (ten) years for patents of invention and more than 8 (eight) years for utility models - the term of effectiveness of the privileges would exceed the maximum provided in the caput of the aforementioned article, noting that this additional term would be added to the term of protection granted to patent owners by art. 44 of the LPI²⁷. It was also argued that although the patent is relevant for the technological development of the country, the patent system can be used as a market reserve system, and that the abuse of the terms stipulated for the validity of patents would violate legal security, the social function of property, the rights of consumers, the free competition, among other rights already mentioned, “not only by excessively extending the patent protection, but also by making the duration of the privilege indeterminate”. It was also pointed out that the contested provision had the potential to jeopardize investments in the country, as well as harm the consumer, who would be dependent, for an indefinite period of time, on the prices imposed by the patent owners, and the burden of the BPTO’s delay would be transferred to society.

Challenging the PGR’s allegations, the Federal Senate (SF) argued, as a preliminary matter, that this body lacked interest in acting, since the provision in question had been established in order to compensate for the accumulation of patent applications at the BPTO and the consequent delay in their examination. For this reason, a declaration of unconstitutionality of the rule would not resolve or mitigate the problem of the BPTO’s delay, and thus the filing of the ADI would be inappropriate to achieve the proposed goal. On the merits, the SF defended the formal constitutionality of the provision under attack, asserting that its processing and enactment complied with all applicable constitutional, legal and procedural rules, further alleging that its content observed the temporary protection of patents, thus encouraging the country’s economic and technological development.

The President of the Republic defended the constitutionality of the contested rule, explaining that it did not give rise to an extension of the patent term, since during the patent application process there would only be an expectation of the applicant’s right, who would not yet have legal means to prevent the use of the subject matter of the patent application by third parties. The President argued that the delay in granting patents is an administrative problem, which does not lead to the unconstitutionality of the rule, or the violation of the social function of property, also pointing out that the declaration of unconstitutionality of the provision would impact other provisions of the LPI.

The Office of the General Counsel for the Federal Government supported the dismissal of the action, arguing that the objected rule would be important to ensure the reasonable duration of the patent privilege and that such rule is justified by the complexity of the examination conducted by the BPTO for the granting of the pa-

²⁷ Article 44 of LPI: The owner of the patent is assured the right to obtain compensation for the undue exploitation of its subject matter, including for exploitation occurring between the date of publication of the application and the date of grant of the patent.

tent. It also refuted the allegation that the sole paragraph of art. 40 of LPI would make the duration of the privileges indeterminable, since the law provides objective criteria for the duration of the patent. It argued, finally, that the rule had been in force for more than 17 (seventeen) years, which enabled an environment of legal certainty regarding the counting of the patent term, and that this environment would be affected if the action were upheld.

In February 2021, the PGR filed a request for a preliminary injunction for the immediate suspension of the effects of the contested provision, which was partially granted by the Reporting Justice Dias Toffoli to suspend the effects of the sole paragraph of Article 40 of the LPI only in relation to pharmaceutical patents as well as equipment and health care materials, with *ex nunc* effect.

Entities representing civil society, such as the Brazilian Association of Industrial Property Agents (ABAPI), the Brazilian Intellectual Property Association (ABPI), the Brazilian Interdisciplinary AIDS Association (ABIA), among other representatives of the interested sectors in the lawsuit, were accepted as *Amici Curiae*.

The controversy and relevance of the topic

The controversy consisted in determining whether or not art. 40, sole paragraph of the LPI was constitutional.

The theme is extremely relevant, since its decision established a new rule for the term of patents granted in Brazil, reducing the term of patents whose applications take a long time to be granted. From this decision on, all patents, regardless of how long they have been examined and granted, will be valid for twenty (20) years (invention patent) and fifteen (15) years (utility model), respectively, from the date of filing.

The understanding set forth by the STF and its impacts

The judgment noted that industrial property rights are, by force of art. 5, XXIX of the CRFB/88, temporary and based on the social interest and on the technological and economic development of the country, having objectives and purposes established by this legal norm, not being limited to an individual right, but concerning the collectivity and the development of the country.

The Constitutional Court understood that the impugned norm was not derived from the TRIPS Agreement rules, since the agreement, in its article 33, stipulates a 20 (twenty) year term of validity for patents, counting from filing date, observing that the logic of the agreement is that the mere filing of the patent application generates a presumption in favor of the applicant, thus concluding that the non-adoption of this provision by the national law does not violate the international treaty. The Court also stated that this legal provision had not parallel in the legislation of other jurisdictions, where additional exclusivity rights have a reduced application, are limited to specific cases, and are not automatically granted.

According to the understanding of the Court, the sole paragraph of art. 40 of the LPI was unreasonable, since it made the term of effectiveness of patents indeterminate, because, by force of this rule, it was not possible to know the exact term of effectiveness of a patent until the date of its granting, and a patent could take more than a decade to be granted. This would generate distortions such as patents with extremely long terms.

The Court affirmed that there were sufficient elements in the case records to indicate that the article under attack was feeding the backlog, contributing to generate the phenomenon it sought to circumvent, in affront to the principles of reasonable duration of the process and administrative efficiency.

The Constitutional Court considered the contested rule harmful to the policy of access to medicines of the Brazilian Unified Health System (SUS) and to public policies regarding pharmaceuticals and health products in

general. In the Court's opinion, extending the term of patents beyond the periods established in the caput of art. 40 of the LPI would benefit the holders and inventors and their individual interests to the detriment of society's public interest in access to health care, since society would have to accept unilateral price stipulations for medicines and health care materials for longer than is reasonable.

It was argued in the decision that predictability as to the term of effectiveness is essential for market agents to make rational choices, and it was pondered that the absence of clear rules leads to arbitrariness and the anti-isonomic use of market rules. It was argued that patents with excessive terms favors market domination and the elimination of competition.

It was also stated that "the temporality provided in art. 5, XXIX, of CFRB/88 should be interpreted in the light of the scope of patent protection, which is not restricted to protecting the interests of inventors and patent applicants, ensuring also the enjoyment of the invention by the whole society (i) based on clear rules and (ii) for a reasonable period of time. Therefore, the competitive advantage granted to the authors of inventions or utility models should have a determined and predictable term, so that not only its beneficiaries, but also the other industry players can accurately ascertain the date of expiration of the patent term.

In conclusion, the STF found the ADI valid, declaring the unconstitutionality of the sole paragraph of art. 40 of the LPI.

In modulating the judgment, the Court granted the decision ex nunc effects, "from the publication of the trial minutes, in order to maintain the term extensions granted to patents based on the legal precept and to preserve the validity of patents already granted and still in force as a result of the application of the mentioned precept". The decision reserved the following situations, which it determined to have ex tunc effects: "i) the lawsuits filed on or before April 7, 2021, (date of the partial granting of the preliminary injunction in the lawsuit); and (ii) the patents that have been granted with term extension related to pharmaceutical products and processes and equipment and/or materials for use in health".

The decision brought legal and practical impacts to all subjects of interest in the patent legal relationship, society in general, consumers, patent owners, inventors, and competitors.

However, the result of the judgment was especially sensitive for patent owners and inventors, since without the term adjustment WWprovided by the sole paragraph of art. 40 of the LPI they had one less instrument to protect themselves from the damages caused by the BPTO's delay in granting patents and to ensure the reasonable time for effective enjoyment of the patent.

As clarified in article 6 of the LPI, only a validly granted patent guarantees ownership of the invention by its holder, with article 42 of the LPI establishing that only a patent confers its holder the right to prevent third parties from using it without his consent. Therefore, we do not agree with the argument that the mere filing of the patent application already generates a presumption in favor of the applicant, or with the idea that the patent holder already enjoys its benefits since its filing. The property right over an invention - and, consequently, the right to its exclusive exploitation for a reasonable period of time - has a constitutive nature and arises with the granting of the patent. Before the granting of the patent privilege, what exists is a mere expectation of right. Thus, the thought that the patent holder enjoys some protection or right before the granting of the patent is mistaken.

Another relevant point to note is that without innovation there is no technological and economic development for the country. The innovation process is extremely costly and time consuming. For an innovative technology to reach the market, enormous resources and time are spent on R&D, testing, legal procedures for the protection of the creation, among other costly investments. It is a path full of uncertainties. Therefore, having

a reasonable time of exclusive use to recover the investments made is fundamental for the inventor and the owner of an invention to continue innovating via the patent system. Only a patent granted and valid for a reasonable period of time is able to guarantee this return and security for the holder and the inventor.

We also disagree with the argument that the holder already enjoys the patent protection even before it is granted, by force of art. 44 of the LPI. The right to be compensated retroactively in cases of violation of the patent before its granting is not to be confused with the right to property and exclusive use for a reasonable time, only guaranteed with the granted patent. Furthermore, the right to a retroactive compensation provided in art. 44 of the LPI is limited by the five-year statute of limitations for filing a suit for damages caused to the industrial property right (art. 225 of the LPI). In short, it does not matter how long the infringer has been improperly using the subject matter of the patent application, the infringer will only pay the owner damages up to the limit corresponding to the last five years prior to the filing of the action. It is certain that without a validly granted patent there is no right to seek damages in court. In practice, for example, an invention may be reproduced without authorization during the 10-year delay for the BPTO to grant a patent for this invention; however, only the last five years of unauthorized use will be indemnified to the patent owner, if he/she files an infringement action as soon as the patent is granted. Thus, Article 44 of the LPI does not fully protect the owner against damages caused by unauthorized use of his patent by third parties. This full protection is only guaranteed by the right conferred by the granted patent.

Furthermore, it should be noted that the sole paragraph of art. 40 of the LPI applied only when the BPTO took too long to examine and grant the patent - as already indicated, more than 10 (ten) years in the case of patents of invention or 08 (eight) years in the case of utility models. When the examination was completed in a reasonable time and in line with the international standards of other patent offices of the same size (less than 10 years), this exception in the law did not apply. Therefore, the argument that the legal provision under attack created an undue extension in the term of validity of patents in Brazil does not seem reasonable.

The balancing of all interests of the subjects belonging to the legal relationship of the patent is extremely important and this balance should always be defended and guaranteed. Precisely for this reason, with the end of the sole paragraph of art. 40 of LPI, it is understood that another mechanism for adjusting the term must be legally established, under penalty of unbalancing the side of the holder and the inventor.

Finally, it should be noted that the Reporting Justice of the decision in question, Dias Toffoli, emphasized in his vote that he does not advocate a single term for the validity of all patents, since several countries even allow the extension of the exclusive exploitation of inventions. However, he opined that if Brazil were to adopt a norm for the extension of patent terms, it should observe clear and rational criteria.

Link to the full text of the decision: <https://portal.stf.jus.br/processos/downloadPeca.asp?id=15347616019&ext=.pdf>

¹⁸ In this sense, see the judgments:

“At any rate, recognizing that there was a permanent illicit act does not mean denying the validity of article 225 of Law 9,279/96. That is, even if the lawsuit is filed within the five-year period established, it is certain that the period for determining the loss of profits must be limited, retroactively, to the five years prior to the filing of the lawsuit, since the period to be considered is subject to delimitation. The fact that, on the one hand, art. 44 of Law 9.279/96 assures the right to obtain compensation for the period between the application and the granting of the patent and, on the other hand, that there is a delay in granting patents does not remove the need to observe the five-year statute of limitations, which clearly applies to the claim for compensation for loss of profits (art.210 of Law 9.279/96)”. TJPR AC 0013934-65.2014.8.16.0017. Des. Lilian Romero. Decision of 10/16/2018.

“Having said that, considering that the rights related to the patent only arise with its expedition (art. 42, of LPI), the interpretation that best harmonizes arts. 40 to 44, and 225, of LPI, with art. 1, of Decree n. 20.910/1932, is the following:

“In the hypothesis in which the violation of industrial property rights by the Public Treasury is discussed, request and the granting of the patent, the initial term of the statute of limitations for the claim for indemnification is counted five before the date of expedition of the Patent Letter.” TJSP. AC nº 1007011-43.2021.8.26.0482. Des. Grava Brazil. Judged on 06/28/2022



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