

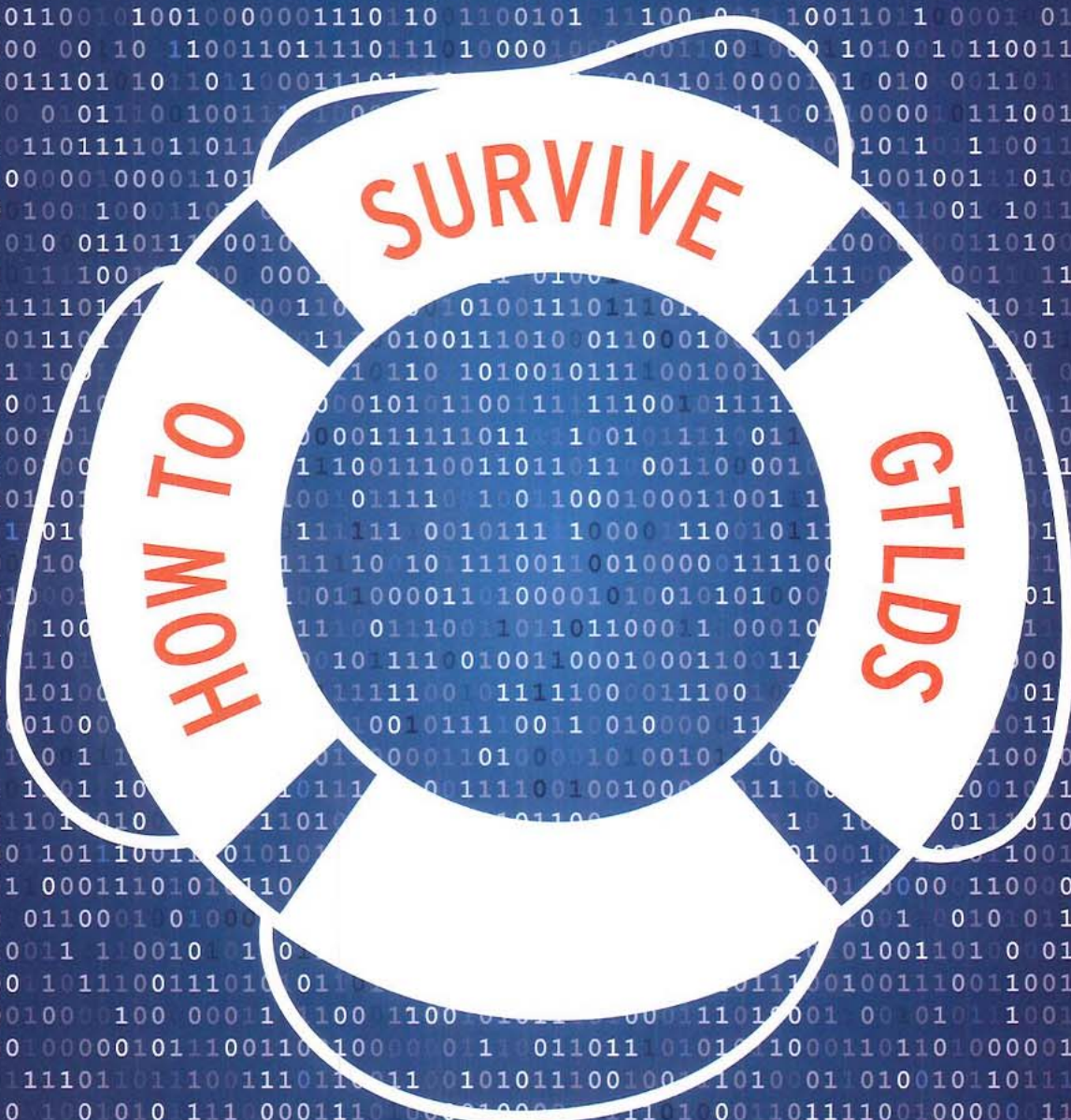
Managing Intellectual Property

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BRAND OWNERS SHARE THEIR STRATEGIES AND LESSONS SO FAR

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THE STRUCTURE
OF IP
DEPARTMENTS

Pedro Vilhena of Kasznar Leonardos compares Brazilian and Chinese developments in trade mark law in the face of major sporting events, and suggests how Brazil should take heed of its eastern counterpart

Lessons from China

Despite being usually seen as comparable within the BRIC countries (Brazil, Russia, India and China), the emerging economies of China and Brazil have more differences than similarities, not to mention the countries' historic and cultural backgrounds. Ever since the creation of the World Trade Organization (WTO), China has impressed the world with very good indicators: a substantial and steady increase in its GDP; a relevant internal market; increasing participation in global trade; impressive rates of innovation; and an environment that welcomes global foreign investment. Brazil, on the other hand, has managed to surpass the economic chaos caused by hyperinflation in the beginning of the 1990s and to create a market that is both friendly to foreign investments and strongly responsive to its internal demands, after years of economic stagnancy. Both countries are heralded as strong healthy economies, with a good share of natural resources and positive outlooks for the future. On the verge of organising two major sports events within two years, Brazil is taking a significant step towards being a more influential player in international trade.

IP policy in China and Brazil

Intellectual property is certainly part of this panorama. China and Brazil have experienced important developments in their national IP policies. The countries were led to enact new trade mark acts in the late 1990s in view of the minimum standards set forth by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs). As a result of the countries' commitment to TRIPs, the world witnessed on both sides of the globe the creation of firm IP systems, based on rule of law. Those systems, along with political stability and economic growth, have attracted to both markets new players and new brands. According to statistics provided by WIPO, the number of trade mark applications filed in Brazil nearly doubled between 1998 and 2012 (from around 78,000 to around 151,000 trade mark applications). In China, the number increased by a staggering 953% in the same time frame (from roughly 153,000 to approximately 1.6 million applications).

Brazilian trade mark law has been rarely reviewed since the introduction of the country's Industrial Property Act, of 1996. Its main modifications have been made either by unrelated laws on intellectual property or by regulations enacted by the president of INPI (National Industrial Property Institute), with few discussions about the subject arising from or happening in the national Congress.

E-filing updates

The Brazilian parliament's apparent inertia has not prevented significant developments in its Trade Mark Law. A long-awaited and probably the most important change was introduced in 2006, when INPI implemented an e-filing system called *E-*

Pedro Vilhena



Pedro Vilhena is a Brazilian attorney-at-law who graduated at Mackenzie Law School, São Paulo, in 2005. His practice in São Paulo firms for the last ten years has included counselling Brazilian and foreign clients in several areas of IP law, sports law and entertainment law, including trade mark prosecution, trade mark infringement, patent infringement, industrial design infringement, copyright and related rights, licensing and franchising agreements, technology transfers, innovation and tax incentives, unfair competition, ambush marketing, sports sponsorship agreements, privacy and publicity rights. In December 2013, Pedro joined Kasznar Leonardos in its São Paulo office, and regularly works on litigation connected with subjects in his areas of expertise.

Apart from his professional activities, Pedro is a guest lecturer in under-graduate and post-graduate courses, and has been a regular contributor to the *INTA Bulletin*, writing articles about trade mark matters in Brazil. His academic background includes a post-graduate degree in immaterial property law from the São Paulo BAR Association School, and a Masters in European and international intellectual property law from the University of Strasbourg organised by CEIPI (the Centre for International Intellectual Property Studies). Both his post-graduate paper and his Masters thesis were focused on the recognition, eligibility for registration and protection of non-traditional trade marks in Brazil and in the EU.

The Brazilian e-filing system has made more hits than misses throughout its seven-year run

marcas. In order to promote the use of *E-marcas*, INPI offered noteworthy reductions on the official fees connected with services rendered online. Incentives have worked and, as expected, the system has become an important tool in the daily life of trade mark attorneys. Moreover, it continuously helps system users and INPI officers to improve their communication, leading to constant enhancements in *E-marcas*. Despite one or two pending issues, the Brazilian e-filing system has made more hits than misses throughout its seven-year run.

The World Cup Law

Another important (yet temporary) development comes from an event-specific law. Issued on June 2012, the General Law on the World Cup and on the Federations Cup covers an impressive range of issues, including ticket sales, civil liability and IP rights. Much of the Law is devoted to trade mark protection: FIFA is granted sui generis treatment concerning trade mark prosecution, including the immediate recognition of all of FIFA's official symbols and trade marks as famous and well known. Such recognition applies not only to trade marks already filed or registered by FIFA, but also to several subsequent lists of trade marks submitted by the Federation to INPI. Moreover, the law also creates a fast-track procedure to be applied to all FIFA applications, and to all third-party applications that may coincide with FIFA's rights. The law also exempts FIFA from all the official fees connected with trade mark prosecution and, in some cases, court fees. While some have praised the law as a necessary guarantee for the organisation of the World Cup, others have claimed that some articles are discriminatory and over-protective.

Collective marks

In October 2012, INPI enacted Resolution 296/2012, providing a more precise legal background with regards to collective marks, clarifying rules for their filing and examination and setting guidelines for applicants, given the high number of office actions issued in this regard. This Resolution further clarifies the interpretation of prior legal provisions contained in the Paris Convention, in the TRIPs agreement and in the Brazilian Industrial Property Law. The resolution's most important provisions refer to the requirement of a Regulation concerning the use of the collective mark, describing the necessary contents in detail. The Resolution was generally well received, even if many claimed that more pressing issues should be tackled beforehand.

Famous marks

Another important evolution appeared in August 2013, and refers to the recognition of the status of famous marks, a subject INPI had been unsuccessfully trying to deal with since 2004. Preceded by a long collaboration with the Trade Mark Commission of the Brazilian Intellectual Property Association (ABPI), the contents of Resolution 107/2013, issued by the president of INPI, ended up as a controversial issue. Some agree that the volume and the types of documents required (including extensive market research and economic and social data) are gruelling to obtain and to analyse, as well as useless in the evaluation of the trade mark status. The recently increased fees (to roughly \$19,000) are also a discouraging factor to some companies. However, it is too soon to analyse the actual effects of this Resolution.

Establishing mediation

Further, in 2013 INPI launched an initiative to establish medi-

ation as a way of solving trade mark conflicts during prosecution. The project was highly anticipated, and initially highly praised; most Brazilian trade mark attorneys are eager to engage in different means of solving controversies. Some specific points are still keeping interested parties away from the INPI mediation centre: as of February 2014, seven months after the mechanism implementation, no cases had been submitted. The main reason is that the agreement conveyed in the mediation is not definitive and must be accepted by INPI's examiners. INPI is trying to identify other possible problems and will certainly readdress this issue shortly.

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Learning from the East

These diverging signs could be interpreted as an erratic way of evolving in the protection of trade mark rights, but this would not be entirely fair. Positive initiatives are flowing, and they come from all players in Brazil. INPI's officers, attorneys and agents associations and trade mark owners have engaged in impressive efforts to offer new solutions for problems that have been around for more than two decades. The main questions now refer to a more strategic approach to trade mark law: could the system evolve any faster? Could some important issues be reconsidered? Can a deeper and more strategic change in the country's approach to trade mark law be developed?

The answer may come from the other side of the globe: China.

Going back to the similarities that exist between the main emerging economies from the East and from the West, we can immediately identify the main parallel: a major sporting event. China passed specific changes linked to the organisation of the Olympic Summer Games of Beijing 2008. There were more than 10 regulations concerning the protection of the Olympic symbols and of the commercial implications of the Olympic Games. Those regulations prevented the commercial and non-commercial use of the Olympic symbols by any third party, guaranteeing exclusivity for the official sponsors. Bearing in mind China's previous reputation of complacency in terms of infringement of intellectual property, the issuance and enforcement of such regulations were a welcome action taken by the Beijing Organising Committee and its legal affairs and brand protection departments. Among the protective measures, we can cite the express legal protection of certain denominations (Olympic, Olympiad, Beijing 2008) that would otherwise fall short of trade mark or copyright protection, due to generic or de minimis exclusions. Moreover, China took an important step by determining that the protection of Olympic-related intellectual property fell under the responsibility of the Administration for Industry and Commerce and the General Administration for Customs, which spared the Beijing Organising Committee an enormous task in carrying out expensive and intricate legal procedures.

Apart from such ad hoc changes and some other minor changes, China has also carried out an extensive review of its Trade Mark Law, leading to several important amendments, effective as of May 1 2014. According to the review: (i) trade marks must be filed, registered and used under the principle of good faith; (ii) statutory damages for trade

mark infringement are increased; (iii) multi-class applications are now allowed and the procedural time frame is reduced by the introduction of e-filing and strict time limits for decisions; (iv) likelihood of confusion becomes a formal criterion in determining infringement; (v) sound marks are eligible for registration; (vi) an expanded protection is awarded to owners of well-known trade marks; (vii) fair use of third parties' trade marks is specified in detail; and (viii) the burden of proof of the trade mark owners is now partially reduced.

Brazil could take inspiration from China and assess, identify, diagnose and propose solutions to its main drawbacks in trade mark law

China's approach was well thought-out: the country decided to identify the changes needed and consolidated every modification in one single document. The result was a bold move, with several improvements promoted at the same moment. Those amendments, largely praised by China and by the international community, aim at deterring trade mark hijacking and infringement, as well as at improving the efficiency of trade mark registration procedures. If properly implemented, those changes will certainly lead to a more protective policy, enhancing the country's appeal to foreign investors, not only as a consumer market, but also as an important industrial partner.

The perfect time for a bold move

Most of the issues tackled by China's recently enacted law are either ignored or only partially acknowledged by Brazilian trade mark law, such as the principle of good faith or the protection of sound marks. In view of the successful move made by its number one commercial partner, it is expected (and even hoped) that Brazil could take such a turn. Whilst the country's recent evolution in trade mark law is consistent, some simple solutions are still waiting on the shelf to be adopted. There are a few obstacles, such as keeping a transparent and sincere communication between

INPI and users, finding a political direction and establishing a sense of priority in the assessment of necessary changes. But when a country reaches a certain point, it must find its own way to keep evolving.

Brazil's trade mark system already relies on the good and honest practices of INPI, on an ever-increasing internal

market, on the country's economic performance and on the trust of most economic players, both Brazilian and foreign. Maybe this is the perfect time to take it a step further and tackle pressing issues such as the accession to the Madrid system, the examination backlog or the acceptance of multi-class applications and of non-visible trade marks. And since neither ideas nor methods are copyrightable, Brazil could easily take inspiration from China and assess, identify, diagnose and propose solutions to its main drawbacks in trade mark law.

A bold move could update Brazilian trade mark system, optimise INPI services and, on the way, prove to be a powerful tool in an increasingly competitive world.

Kasznar ¹⁹¹⁹
Leonardos
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Recent awards and recognition

- Ranked 1st (Gold) in WTR 1000 – 2014, which recommended as well five of our partners: Elisabeth Kasznar Fekete, Gabriel F Leonardos, Filipe Leonardos, Rafael Lacaz Amaral, and Claudio Roberto Barbosa
- LAWYER OF THE YEAR 2014 by Best Lawyers – IP/São Paulo – Winner: Elisabeth Kasznar Fekete
- Ranked 1st in IP/Brazil by Análise Advocacia 500 – 2013, the most reputed Brazilian yearbook of law firms
- Ranked 1st in IP/Brazil by The Legal 500 – Latin America 2013

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