

Dannemann Siemsen Advogados

# Trade dress protection in Brazil

**While there is extensive case law protecting trade dress under the Unfair Competition Law, protection under trademark or industrial design law should be sought where possible**

Brazilian law does not specifically protect trade dress. However, there are statutory provisions and legal remedies available through which trade dress protection can be claimed. In addition, there is an extensive body of case law protecting trade dress under the unfair competition statute. Moreover, provided that product configurations, shapes, colour combinations, labels or distinctive designs and décors of businesses meet the requirements of registrability and are duly registered as trademarks, trade dress can also be protected against infringement under trademark law.

Three-dimensional marks (3D) are currently allowed in Brazil. The requirement of direct visual perception is not a problem and the National Institute of Industrial Property has been granting registrations for 3D marks for some time. Applications must contain different views (ie, front, back, lower and side views), as well as a perspective of the mark. As with any other mark, 3D signs must be distinctive. Thus, necessary, common or usual shapes of a product or its packaging are not registrable. Shapes that cannot be disassociated from a technical effect are also barred from registration.

In Brazil, packages and product configurations have in the past been registered as 3D marks. As use is not a requirement for obtaining a registration, distinctiveness must be analyzed without requesting proof of secondary meaning, which is a difficult task for examiners.

Conflicts between 3D marks and industrial design registrations are possible. Because of this, the law specifically prohibits the registration of industrial designs owned by third parties as 3D marks.

Three-dimensional marks can indirectly protect aspects of a package or product that are 'tactile' in their nature (eg, engravings

and textures). Further, they can also be used to protect decorative elements of commercial establishments, such as restaurants, banks and gas stations.

Even if a product's trade dress is not registrable as a trademark, protection is still possible. Brazilian case law strongly upholds the protection of certain distinctive features of products or businesses that, although not registrable, function as source identifiers through consistent commercial use. The courts extensively protect non-functional and distinctive products or business features based on the Unfair Competition Law. The Industrial Property Law (9279/96) lists a series of practices that are outlawed when defining 'unfair competition'. In particular, Article 195(III) establishes that it is a crime for someone to "use fraudulent means to divert, for their own or a third party's benefit, a competitor's clientele".

Although Article 195(III) defines a crime, most decisions protecting unregistered trade dress come from the civil courts. Such decisions are based on Article 207 of the Industrial Property Law, which provides that independent of criminal proceedings, the injured party may file a civil action to enjoin the unfair practice. Additionally, under Article 209 the injured party reserves the right to receive damages in compensation for crimes caused by acts of unfair competition that damage its reputation or business, or cause confusion between commercial or industrial establishments or providers of services or between products and services placed on the market. The available remedies range from preliminary and permanent injunctions and restraining orders to actual or statutory damages.

These provisions have been the basis for several civil cases protecting product configurations, shapes, labels and exterior

and interior business designs and décors. The test applied by the courts is that the party seeking protection must prove that the features have been used consistently in the local market so that they have become distinctive, and that their adoption by a competitor is likely to cause confusion or divert clients away from it. The features must be distinctive and non-functional, and must have achieved a role as a source identifier. The senior user of the trade dress need not prove actual confusion, since the law also applies to likelihood of confusion.

One of the most important cases in trade dress protection in Brazil involved the décor of a chain of shoe stores. The plaintiff, Calipso Bay Arrendamento de Marcas Ltda, owns a well-known chain of shoe stores, known under the registered mark MR CAT. Calipso has developed a characteristic interior and exterior trade dress with which to identify its stores. The defendant, VIPI Modas, Ltda, which was licensed to use the mark MR FOOT (owned by Calçados Pina Ltda), launched a competing shoe store whose design and décor were similar to those of MR CAT. The Court of Appeals of the State of Goiás upheld a decision by the Civil Court of Goiânia that found VIPI guilty of unfair competition under the Industrial Property Law by copying Calipso's interior and exterior design and décor.

Despite its finding that the trademark MR CAT had not been infringed by MR FOOT, the court determined that VIPI had begun to use the same architectural design as Calipso and the same packaging and presentation for its shoes. The court held that the concept of unfair competition is sufficiently extensive to include all acts of a competitor that are designed to divert fraudulently to it customers from the other party. One of the judges noted that VIPI replicated Calipso's trade dress in a way that was likely to cause

confusion, in spite of the fact that the two companies' trademarks are dissimilar.

The Brazilian courts have handled numerous trade dress cases in the past years in relation to pharmaceuticals. Most disputes involve generic manufacturers adopting a more aggressive position towards the imitation of reference medications' trade dress. This policy naturally conflicts with the interests of the brand-name drug companies.

A pharmaceutical trade dress can either be inherently distinctive or have acquired distinctiveness through use. Although the Brazilian Trademark Office is officially reluctant to apply the 'secondary meaning' doctrine, some courts have already recognized the concept of acquired distinctiveness and allowed the registration of descriptive signs and shapes that became distinctive through use. For instance, no one is likely to challenge the statement that the blue diamond shape of Viagra tablets has acquired distinctiveness and deserves protection under the law.

As regards confusion, Brazilian law prohibits not only actual confusion, but also the likelihood of confusion between products. Thus, although evidence of actual confusion might strengthen the plaintiff's position, establishing the likelihood of confusion is sufficient to prevail in a pharmaceutical trade dress dispute.

The most common type of confusion occurs when a later entrant to the market tries to misrepresent its product as being the product of a better-known competitor. This is a sort of passing off and the Brazilian courts have already held it illegal in many precedents involving pharmaceutical products. Case law also encompasses situations where the junior product is not passed off as the branded drug, but there is either confusion as to its source or simply an unconscious association between the products. In such cases, the courts have acknowledged that although the generic drug is unlikely to be mistaken for the reference drug, the unauthorized imitation should be prohibited as it is illegally free riding on the competitor's goodwill and reputation. In *Bristol-Myers v EMS* (2007), a case involving the appearance of Bristol Myers's DERMODEX skin ointment, the court held:

"The consumer will have no doubt that the medication is generic, but may be unsure whether or not it is a generic drug manufactured by the laboratory he [or she] trusts or perhaps may feel familiarity with the product simply because it looks like the reference product... Generating confusion as to source in practice causes fraudulent



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attraction of consumers, because the defendant is taking advantage of the marketing investments made by the plaintiffs, thus achieving a favourable perception in... consumers' minds (aspects such as trust, tradition and market leadership)."

In *Wyeth v EMS* (2007), the Rio de Janeiro Court of Appeals upheld a preliminary injunction against an infringing product, noting that "the packaging is a marketing tool and constitutes the group of colours and words selected by professionals to set a specific image in the consumers' minds; it is usually built over years of advertisement, so generic medications may not use a trade dress with the same overall impression with similar colours, fonts and details". Thus, the likelihood of confusion in pharma trade dress disputes should be examined not only from the passing off perspective, but also with regard to confusion as to source and other unfair advantages that the unauthorized use of the lookalike trade dress might present.

Generic manufacturers often argue in trade dress disputes that the use of similar packaging is beneficial to consumers, since it better indicates to the public the link between the generic medication and the corresponding brand-name drug. Generic manufacturers rely on the Generics Act 1999 and claim that the statute authorizes the use of similar characteristics in the packaging of generic drugs, creating a sort of exemption from trade dress rights.

This argument is unsupported because the Generics Act merely regulates the coexistence of reference medications and their generic versions, allowing third parties to manufacture drugs whose patents have expired. No section of the statute authorizes generic manufacturers to copy or reproduce the overall appearance of the reference medications. The court in *Bristol-Myers v EMS* examined this issue and pointed out that "lawmakers sought to establish a peaceful coexistence between the legal systems that regulate IP rights and the commercialization of generic drugs. This measure is in line with the Brazilian Constitution, which assures citizens the social right of health, but also protects IP rights. The Generics Act expressly provides exceptions for situations where patent rights have expired. Since it did not do so with regard to the other industrial property rights – trademarks, industrial designs and other distinctive signs – we conclude that these rights remain fully in force". Thus, there is no conflict between the Generics Act and the Industrial Property Law. **WTR**