



An overview of non-use cancellation actions under Industrial Property Law 9,279/97

Igor Simoes and Georgia Chicoski of Simoes IP Law Firm provide a comprehensive overview of Brazilian Industrial Property Law, exploring nuances, legitimate justifications, and recent legal updates.

Trademark cancellation stands as a vital legal process, ensuring the integrity of Brazil's industrial property landscape. Non-use cancellation is a mechanism designed to emphasize active trademark use. Guided by specific articles within Industrial Property Law 9,279 (IPL), Brazil's approach to trademark cancellation is multifaceted and continually evolving. This comprehensive overview delves into the intricacies of Brazilian IPL, exploring the nuances of non-use cancellation actions, legitimate justifications for non-use, recent legal updates, and recent case law. Understanding these complexities is essential for trademark owners navigating Brazil's intellectual property landscape, ensuring their trademarks retain legal standing and competitive edge in the market.



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from grant. By means of Article 143, the Brazilian IP Law delineates the specific circumstances that constitute non-use as follows: the trademark owner has not started to use the mark within Brazilian territory; there has been an interruption in the use of the mark for a continuous period exceeding five years; in the preceding five years, the mark has been utilized in a modified form that deviates from its registered representation or the scope of goods and services for which it was originally registered.

As assured by law, any person with legitimate interest is allowed to request a cancellation by non-use. The action is carried upon assessment of the admissibility requirements for considering the petition, along with the evaluation of the legitimate interest. Once a non-use cancellation action is filed within the BPTO, and provided it meets the admissibility requirements, the owner is notified about the action and is granted a 60-day period to submit a response and arguments in defense of the trademark's validity.

The burden falls on the owner to either prove substantial use of the mark in connection with the specified goods or services or, if applicable, provide compelling justifications for the non-use.

Technical Note No. 03/2022 – updates on the non-use cancellation action procedure

The BPTO recently introduced significant updates to the non-use cancellation action procedures through Technical Note No. 03/2022. The technical note delineates the meticulous evaluation criteria used in the process.

According to the document, the first step of the analysis involves the consideration of admissibility requirements for petition acceptance, coupled with an in-depth assessment of the requester's legitimacy. In



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with proof of proper licensing or authorization for use. Furthermore, it is imperative that the trademark featured in the documents provided as evidence of use is unaltered, preserving its original distinctive character as delineated in the official registration certificate. Any modifications that could potentially compromise the trademark's distinctive features, as stated in the registration documentation, may lead to invalidation of the presented evidence.

To sustain effective usage, it must align with the primary purpose of trademarks, which is ensuring consumers can readily identify the origin of a good or service, by providing distinction between those of other origins. Substantiation requires the use to be both public and effective, involving identification in commercial activities. For that matter, private or internal usage within a company does not qualify as effective use. Furthermore, the trademark must be applied to goods or services currently available to consumers or circulating in the market, excluding mere preparatory activities like label printing or packaging development from the scope of commercial use.

Investigation of legitimate reasons

In light of the provisions established by the technical note, legitimate reasons for non-use are those characterized by situations of force majeure and conditions beyond the owner's control. Scenarios such as business restructuring and brand repositioning, or economic, financial, and commercial difficulties associated with periods of economic recession, do not qualify as legitimate grounds for the lack of trademark use. According to the BPTO, these factors do not excuse the absence of active use of the registered trademark.

It becomes imperative for trademark owners facing non-use cancellation actions to provide substantial evidence that goes beyond these circumstances, demonstrating genuine efforts to employ the trademark in the market despite the challenges encountered. According to the BPTO's understandings, the scope of legitimate reasons for non-use may encompass a range of factors, including regulatory impediments hindering mark use, import/export restrictions relevant to the product bearing the trademark, or pending administrative and judicial nullity actions. Notably, this provision is especially pertinent in the pharmaceuticals field, where regulatory constraints may prevent immediate trademark use.

The action can be averted given that credible reasons for the non-use of the trademark during at least half of the investigation period are substantiated. Otherwise, if legitimate reasons for non-use cover less than half of the examined duration, the trademark owner must furnish compelling evidence of reasonable endeavors to reintroduce or initiate the use of the mark. Such evidence may encompass agreements with distributors, and promotional materials linked to product and service introductions, among other pertinent documents.

this regard, legitimacy may rely on prior rights or the anticipation of rights, notably, existing registration or pending application for a similar trademark intending to identify related products. The same applies to the registration or application for a geographical indication, a highly renowned mark, or an industrial design reproduced by the trademark facing potential cancellation. In addition, personality rights and copyright are also incorporated into this scope.

Moreover, the aforementioned note streamlines the procedures by providing clear directives on the evaluation of evidence presented during non-use cancellation actions. The updated guidelines emphasize the significance of accurate documentation. This includes proof of the trademark's consistent and unaltered use over the specified period. Additionally, the BPTO now demands a meticulous examination of the trademark's utilization history, ensuring that it aligns precisely with the specifications outlined within the original registration certificate. Failure to meet these stringent requirements may lead to the declaration of cancellation, underscoring the importance of comprehensive and precise record-keeping for trademark holders in Brazil.

Investigation of effective use

The inquiry into the trademark's usage extends over a five-year period preceding the action for cancellation. Any kind of evidence admitted in law may be presented, such as invoices, advertising material, and business proposals. For such documents to be admissible, they must be issued by the registered owner or licensee,

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Decisions issued by the BPTO to fully, partially, or deny the cancellation action are always subject to appeal
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In the case of jointly owned trademarks, the burden falls on every co-owner to prove that the stated reasons justify the non-utilization.

The case law

The assessment of non-use cancellation involves a careful examination of the documents and arguments presented by the holder of the trademark registration. Following a comprehensive examination, a trademark can be either fully or partially canceled or, alternatively, the action can be rejected, depending on the evidence provided by the owner.

Partial cancellation is declared when usage for the investigated period is unverified, or non-use is inadequately justified for specific goods or services. In such instances, only those particular items within the specification are canceled, preserving the registration's validity for other designated goods or services.

Decisions issued by the BPTO with respect to cancellation requests are subject to appeal to a second instance at the BPTO or by the judiciary. Of course, depending on the phase the request is being discussed, the best approach is to be planned. This meticulous process ensures that trademark cancellation decisions are made with precision, considering the evidence presented for each aspect of the registered mark.

Prevention from non-use cancellation

When registering a trademark in the Brazilian market, the intended use holds significant importance. Many companies initially file for a design or composite mark, only to later modify it or change the logo colors. How-

ever, if owners cease to use their trademark as precisely stated in their registration, especially concerning composite marks with specific color combinations, the registration becomes vulnerable to cancellation due to non-use.

To mitigate this risk, it is advisable, when possible, to register a word mark, like a company or product name, instead of solely a design or composite mark. Word marks are generally more stable over time, even after rebranding. The BPTO Examiners also accept various presentations of a word mark as evidence of use. Applicants can freely alter the font, style, color, and other aspects of their word mark while still adhering to the requirements set by the BPTO. This approach ensures greater flexibility for companies to adapt their branding to new market tendencies while maintaining the integrity of their trademark registration.

Case law on non-use cancellation action

The Superior Court of Justice (STJ) in Brazil acts as the highest court for non-constitutional cases, ensuring consistent interpretation of federal laws nationwide and providing fundamental principles for various legal matters. Despite the presence of robust legislation and a dedicated entity like the BPTO, in exceptional circumstances, issues related to industrial property rights find their way to the STJ. Evidently, the STJ's rulings stand as pillars of legal precedent, directing the application and enforcement of Industrial Property Law 9,279 in Brazil.

In November 2022, The Third Chamber of the Superior Court of Justice (STJ), unanimously, annulled three

registrations related to the PERMABOND trademark, understanding that the owner acted in bad faith by requesting the expiration of the trademark and then registering it for his own benefit.

The case involved Permabond LLC, a foreign company, filing a lawsuit against the owner and his Brazilian company, Permabond Adesivos Ltda. The owner had initially requested the expiration of the trademark and then promptly registered it for personal gain. The foreign company claimed that the owner had previously worked for its company, which would demonstrate that the registration of the expired trademark by the former employee constituted customer diversion and unfair competition.

The STJ's decision hinged on the fact that Permabond LLC was the original owner of the trademark in Brazil until 2006. However, they failed to utilize it in the country and did not seek an extension of the registration within the legal timeframe, leading to its expiration. The former employee, having prior knowledge of this trademark, attempted to exploit the idea commercially by registering it for his own use. The STJ judged it as a clear act of bad faith, given a high likelihood that the PERMABOND trademark in Brazil could be easily confused or associated with the same mark used internationally.

As stated by Minister Ricardo Villas Bôas Cueva, such actions violated Article 124, items V and XXIII, of the Industrial Property Law and Article 10bis of the Paris Convention. Cueva further emphasizes that the law not only protects highly reputable trademarks, but also guards against the registration of trademarks that imitate distinguishing elements of other businesses, even if they lack immediate renown in the local market.

As evidenced in the aforementioned case and by many other examples from the recent legal scenario, non-use cancellation action is a widely applied strategy to cancel prior registrations that may be hindering the registration of a new trademark. However, the outcome of the ruling underscored the importance of legal protection in place to safeguard industrial property rights and maintain fair competition within the business landscape.

Despite a robust industrial property law, judicial decisions often prevail, overruling the provisions established by the IPL and the standard processes within BPTO. In this regard, specialized IP assistance plays a fundamental role in supporting owners through legal procedures. Intellectual Property agents are well versed with the IP laws in the national and international framework, having expertise in anticipating risks and in elaborating effective strategies. Guided by professional legal advice, owners have more chances to succeed in safeguarding their trademarks' integrity in the market.

Upon the BPTO's issuance of Technical Note No. 03/2022, the non-use cancellation action

procedures saw a significant enhancement in the depth of analysis conducted upon evidence of use. Trademark holders must be acutely aware of these changes, as adhering to the updated guidelines is paramount for safeguarding trademarks in the evolving legal landscape of Brazilian industrial property law.

This nuanced approach motivates trademark owners to maintain genuine and consistent use of their marks, while also protecting their rights by recognizing legitimate circumstances that may impede such use. The non-use cancellation action in Brazil serves as an essential mechanism to uphold the integrity and functionality of the trademark system, promoting a healthy and competitive marketplace. Much has still to come in the analysis of non-use cancellation actions in Brazil and the BPTO's decisions or rules must be updated, bearing in mind that the case law and the courts will always be an important source of information.

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Résumés

Igor Simoes, Managing Partner

With over 25 years' experience, Igor is the managing partner of Simoes IP Law Firm, having graduated in Chemical Engineering from Fluminense Federal University (UFF) and in Law from Candido Mendes University. He is also an Industrial Property Agent, registered before the Brazilian Patent and Trademark Office (BPTO) since 2001.

Igor has knowledge in all areas of Intellectual Property, demonstrating extensive experience in litigation before Brazilian State and Federal Courts, as well as in all administrative petitions before the BRPTO. His practice also involves prior art searches, and technical and legal consultancy in IP, focusing on patents, industrial designs, trademarks and copyrights, and software.

Georgia Chicosci, Patent Specialist

With a Bachelor's Degree in Chemical Engineering from Fluminense Federal University (UFF), Georgia worked at one of the largest companies in the Brazilian water supply sector. At Simoes, she began her journey as an intern in the technical sector and today is an associate.

With courses focused on Intellectual Property and Software registration, Georgia works in the analysis and preparation of technical responses to client's requests, and in the administrative procedures of patents and trademark cases before the BRPTO.

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