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read in this edition

**BRAZIL- EXTENSION OF THE
PIPELINE PATENT TERM**

Ana Paula Silva Jardim

"PAUL & SHARK"

Rita Capra Vieira

ECAD

Mauro Ivan Coelho Ribeiro dos Santos

ENVIRONMENTAL SURVEY

Alex Stock Hoffmann

WHY SEARCH?

Sabrina Cassará

Agenda

> Dannemann, Siemsen, Bigler & Ipanema Moreira is sponsoring a joint-seminar with the John Marshall Law School, in Chicago, which will take place at John Marshall's premises on March 23. The Seminar named "Intellectual Property Challenges and Perspectives in Brazil and Latin America" will have both Brazilian and American practitioners as speakers, and it will cover all the hot topics on IP Law in Brazil and in Latin America in general

> For further information, including the registration form, please access our website www.dannemann.com.br

BRAZIL- EXTENSION OF THE PIPELINE PATENT TERM

The new Brazilian IP Law (Law nº 9.279/96) created a mechanism commonly called the "pipeline", providing the possibility of filing patent applications and obtaining valid patents related to those subject matters that were considered unpatentable under the previous IP Law, namely, substances obtained by chemical processes and alimentary, chemical-pharmaceutical products and medications of any type, as well as the respective processes involved in obtaining or modifying them. The "pipeline" provisions entered into force on May 15, 1996 and were effective until May 15, 1997. During that period, around 1200 "pipeline" applications covering extremely important products and processes were filed in Brazil. Several "pipeline" patents have already been granted.

According to the relevant legal provisions (§ 4 of article 230), the term of protection of a "pipeline" patent is the remainder of the term of protection in the country where the first application was filed, counted from the filing date in Brazil.

Nevertheless, the Brazilian Patent Office interprets the "pipeline" patent term defined under article 230 as 20 years from the filing date of the first application filed in the country of origin. As a result, in most of the cases there is a discrepancy between the term actually granted in Brazil and that of the patent in the country of origin used as the basis for the Brazilian "pipeline" patent. Brazilian "pipeline" patents are frequently granted with a term of protection shorter than the term of the respective foreign patent granted in the country of origin. In our view the Patent Office position is completely unfounded and can, therefore be questioned before the Courts.

The filing of a lawsuit before the courts is an option for attempting to secure a longer term of validity for Brazilian "pipeline" patents. Several suits have been filed through our firm for "pipeline" patents in such a situation and some favorable decisions have already been obtained in this regard.

In addition, although Brazilian legislation does not automatically provide for an extension of pharmaceutical patents based on market approval - as may occur in other countries, for example - if an extension is obtained for the corresponding patent in the country of origin, it is possible to request the same extension for the Brazilian "pipeline" patent. The term of a "pipeline" patent is linked to the term of the corresponding foreign patent in the country of origin. In a recent Court decision, our firm succeeded in a

request for extension of a Brazilian "pipeline" patent based on an extension obtained for the equivalent US patent.

In short: in view of the favorable jurisprudence concerning this subject-matter, it is advisable that a judicial solution be sought for the correction of the term of validity of Brazilian "pipeline" patents, particularly in those cases covering commercially important products and processes.

Ana Paula Silva Jardim

"PAUL & SHARK"

The Court of Appeals of the State of São Paulo, in an unanimous decision, confirmed the trial judge's decision that recognized the notoriety of the trademarks "PAUL & SHARK", "PAUL & SHARK & YACHTING" and the stylized design of a shark, thus enforcing the provisions of articles 6 bis of the Paris Convention (CUP) and 126 of the Brazilian Industrial Property Law (LPI).

The lawsuit was initiated by the Italian company Dama S.p.A. and its Brazilian licensee, Paul & Shark do Brasil Ltda., against a Brazilian company named Petulan Modas Ltda., established in a famous mall located in the city of São Paulo. This company was using a very similar trademark ("SÁ & SHARK"), together with the colors "blue", "red" and "gold", in a blatant situation of confusion.

In accordance with the Reporting Justice, Hon. Ênio Santarelli Zuliani, Dama was virtually obliged to coexist with a kind of "double" in Brazil, which was doing business in the same branch of activity and inside the same mall.

In fact, the Brazilian company adopted the trademark "SÁ & SHARK" associated with a stylized design of a shark and the word "YACHTING", in addition to the combination of the colors also adopted by the Italian company worldwide, in a clear attempt to divert the clientele of its direct competitor, through the unfair competition practice of trade-dress.

Incidentally, another important issue was decided involving the legal right of licensed companies to lodge court actions aimed at the protection of their licensed trademarks, due to the indubitable interest involved.

In this sense, the Reporting Justice stated that such a legal right exists, because it would be illegal to prevent the licensed company from protecting the originality of the licensed trademark, under the penalty of

obliging the company to pay damages related to the economic deterioration of the license agreement.

This decision was very important since it dealt thoroughly with the need to secure protection for well known trademarks, irrespective of their registration in Brazil, and also because it acknowledged the harm done by companies that use the strategy of adopting a confusing trade mark in a clear attempt to take advantage of the renown of a third party, resulting in several problems for the titleholder of the mark, as well as for the consumer.

Rita Capra Vieira

ECAD

Two recent decisions issued by the 3rd Panel of the Brazilian Federal Superior Court of Justice (STJ) confirmed State Court decisions ruling that movie exhibitors in Brazil should pay a percentage of their profits to the owners of copyrights on the soundtracks of the movies they show in their theaters.

The Brazilian STJ's decisions were the outcome of lawsuits filed by ECAD (Brazilian Central Collection and Distribution Agency) against companies having theaters in the States of Rio de Janeiro (Southeastern Brazil) and Rio Grande do Sul (Southern Brazil), which had resulted in decisions issued by the Supreme Court of those states, ruling that exhibitors of cinematographical works are liable to pay 2.5% of the gross receipts from their ticket sales (the value of the public performance of movie soundtracks) from each showing in each theater. The defendants appealed to the STJ, which nevertheless upheld the decisions issued by the state courts.

Besides considering the 2.5% figure as excessive, the movie exhibitor appellants, involved in the two actions, also questioned other points such as the legitimacy of ECAD being able to collect the percentage on behalf of foreign titleholders of copyrights on soundtracks. This was an important issue because around 93% of the movies shown in Brazilian cinema theaters are foreign productions, most of them from the US. The STJ, however, reaffirmed that ECAD could legitimately represent the foreign titleholders as long as it was legally authorized to do so by the entities representing such titleholders (based on clauses 103 and 105 of Copyright Law No. 5.988/73 (expired) and clause 97 of Copyright Law No. 9.610/98 (current)).

The continuing dispute over the actual

percentage to be collected from theaters for soundtrack is not, however, confined only to the above suits. Two other major players in the cinema business in Brazil, Cinemark and UCI, are also involved in judicial actions against ECAD for the same reasons.

In the state of Bahia (Eastern Brazil), ECAD filed a court action against UCI in 2000 and in October of the same year obtained a favorable decision from the Supreme Court in that State ordering the payment of the 2.5%. UCI decided to appeal this decision and sought permission to pay the 2.5% of receipts into a court fund in the meantime until a final decision was made. UCI's request was denied and since the company had not made any payments to ECAD, the 1st Panel of the Supreme Court of the State of Bahia was compelled to issue an injunction ordering that the sound equipment of 10 theaters belonging to UCI in a shopping center in Salvador (capital of the state of Bahia) were to be switched off for one week.

The exhibitors of movies allege that the decisions issued by the STJ put an extra burden on a market already undermined by a lack of incentives and heavy taxation. According to recent surveys, Brazil has just 1,700 theaters with a potential demand justifying 3,500. Comparative data shows that Brazil has approximately 1 theater for every 105,000 inhabitants, whereas Mexico has a proportion of 1 to 44,000 and Argentina 1 to 37,000.

Mauro Ivan Coelho Ribeiro dos Santos

ENVIRONMENTAL SURVEY

The world is going through a wave of environmental awareness never before seen in the history of humanity. The idea of an ecologically balanced environment has reached the constitutional level. The fear of the depleting natural resources, along with effectively protecting and maintaining harmony in nature, has led Humanity to take a more active posture by increasingly utilizing the judiciary in exercising their citizenship rights. Consequently, more and more lawsuits involving environmental issues have begun to appear in courts in all countries. The subject is a new one and jurisprudence is still going through the first steps. However, in most cases the conflict is complex and requires harmonization of decisions. It is with regard to this point that the environmental survey assumes a role of the highest importance.

The environmental survey is intended to identify environmental damage or the risk of it occurring, and thus constitutes a truly

environmental diagnosis. Without doubt, it demands a multi-disciplinary investigation for a thorough understanding of the extent of damage present in affected areas. Furthermore, impacts frequently have cumulative effects that project into the future, but that are imperceptible without utilizing adequate technology. Thus, it remains practically impossible to collect any kind of environmental evidence without performing a technical and scientific survey, which makes such a survey an excellent means for gathering evidence within the ambit of action taken to repair damage.

In terms of legal procedure, environmental surveys are no different than regular surveys consisting of an examination, inspection and evaluation of damages, and are regulated by the Code of Civil Procedure. Among the provisions that Law No. 10.358/01 has established concerning evidence, especially as it applies to the survey procedure, that there can be no doubt that the primary challenge, in terms of the environmental-collective system, is the rule included under article 431-B, which deals with the complex survey. In fact, the multi-disciplinary character of environmental law is a characteristic that is absolutely inherent to it. Indeed, when thinking about civil environmental responsibility, one can say how difficult it is within the procedure to prove a nexus of causality.

Furthermore, one must not forget that, within a particular (or alleged) environmental damage situation, there is the possibility that it could result in several autonomous lawsuits. Thus, with several lawsuits alleging negative interference with the environment, the Judiciary must certainly make uniform decisions. In those cases in which there are suits with identical mediate objects, even if there are several non-mediate objects, only one single environmental survey should be performed if it is certain that the supposed environmental damage is unique. Otherwise, there will be difficulties for all the parties involved, along with both the Judiciary and the environment. After all, who could imagine the effect of contradictory decisions dealing with the same case? It would be a disaster, to say the least!

The courts in every country have recognized the importance of establishing standards for constructing a judicial concept involving environmental law. The need to facilitate the finding of facts, the difficulty of proving a causal nexus and the consequences of the occurrence of environmental damage has made the survey an important part of the solution to the conflict. The tendency has been that such surveys may become more and more dynamic and specialized. In instances of more than one suit over the same

environmental damage, a single survey is essential because one could not accept the possibility of conflicting decisions with discrediting consequences for the Judiciary.

Alex Stock Hoffmann

WHY SEARCH?

After months of a lot of brain storming, the marketing department of your company or outside marketing agency is ready to celebrate. At last, the mark created has attended the 100% of the client's expectations. Everyone is confident that the sales of the product or service will be a great success. And, to make sure that this mark will be legally protected, the legal department of the company proceeds immediately with the application to register, without conducting a prior trademark search. Why spend more money? After all, the mark is fantastic, right? Not always. This mistake may cause great damage to the company that invested extensively in publicizing the product or service in many different types of media in Brazil or, who knows, even abroad.

Many times, marketing people prefer marks that are transparent, that may be considered descriptive or generic of the product/service and, therefore, not able to be granted a registration or exclusivity over the term.

At other times, the mark created may have a special meaning or represent a terrible connotation in other countries. Indeed, if the mark chosen means or suggests "death", for example, imagine how many consumers would be interested in purchasing the product!

It is not uncommon that the mark chosen is identical or similar to another already applied for or registered. And please do not think that only because the product will be offered in Brazil, that titleholders of senior marks will not be able to attack your application or registration. In view of the Paris Convention, a treaty the purpose of which is to protect industrial property, the member countries undertake to refuse, cancel or prohibit the use of a trademark liable to create confusion in relation to another mark previously registered or in use in another member country of said treaty.

In view of the above mentioned reason and others, it is always advisable to conduct a search for prior marks before filing the application and/or before its launch. Although such a search is not infallible, bearing in mind that trademark databases of Patent & Trademark Offices normally suffer

from a great backlog, the result already enables one to advise the postponement of the product launch before removing it from the market, should a third party obtain a preliminary injunction for this purpose

The search may prevent conflicts, dilution of the mark in the market and, most importantly, reduce risks of loss in investment, time and, of course, expenses with attorney and Industrial Property agents' fees!

The search is helpful not only to reveal the preexistence of an identical mark, but also allows one to evaluate the strength of a new mark.

It is important to point out that if the mark will be launched in other countries, it is very important to conduct a search in Brazil as well as in other countries, for the result may identify the seniority of marks that could conflict with the desired ones and, consequently, constitute a barrier to registration.

Although the search does not assure success in obtaining a registration, from the result it is possible to analyze the availability of registration of the mark.

If, for example, an identical or very similar mark to the mark desired is revealed, it is possible to plan ahead the best strategy to obtain the registration of the mark, and as a result, avoid additional costs to defend the mark afterwards.

This strategy, for instance, may involve the acquisition of an identical mark previously registered or the request to cancel a mark that is no longer in use that could cause a great obstacle.

Moreover, the search allows an evaluation, not only of the possibility of obtaining a registration, but also regarding use. In the case of senior marks that conflict and could be infringed by use of a more recent mark, the search is the only alternative to evaluate this risk. Without it, it is not possible to assess if the marks may be used in a specific country.

Many people are not familiar with opposition procedures in each country and might be surprised with the costs involved, and the fact that such procedures may even take place in the judicial system and not the administrative system. In the United States, the opposition proceeding, while administrative, is considered to be a pre-trial proceeding. After responding to the opposition, the Trademark Trial and Appeal Board, department of the local trademark department, will set the deadlines for the presentation of different kinds of documents, testimonies, among others.

In the case of an opposition in Argentina, this proceeding begins administratively, but if the parties do not reach an agreement, even after the mediation hearing, the defendant must reply to the opposition in court, subject to having its mark declared abandoned. In Panama, the proceeding runs entirely in the courts. These are a few examples to illustrate the diversity of opposition proceeding that could cause a financial loss, considering that some cases take years to resolve.

Therefore, as a result of the search report, it is not uncommon for the mark to change its layout, by adopting a logo that will avoid confusion among consumers or the option for an alternative mark (second option mark).

All that has been said above should be taken into consideration, whether the mark will be used seasonally or temporarily or, principally, if the mark will be the chief brand of the company. It is worth being cautious in order to guarantee a safe launch of the mark and to avoid losing all the time and investment involved.

Sabrina Cassará



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