

Report concerning Questionnaire B of the LIDC – May, 2016.

National Rapporteur: Mr. Felipe Barros Oquendo

E-mail address: felipe.oquendo@diblasi.com.br

1. Do your jurisdiction's laws have provisions dealing with indications of origin that are used by manufacturers, distributors and service providers to commercialise their goods and services (e.g. passing off, unfair competition law, trademark law, sui generis law regulating the use of indications of source, geographical indications, or appellations of origin)? If yes, please provide the text of those provisions.

A: Besides article 22 of the TRIPS agreement, internalized in Brazilian Law by Decree No. 1,355/94, the indications of origin are regulated in Brazil by the Brazilian Industrial Property Law (Federal Law No. 9,279/96 – "BIPL"), as a specific type of industrial property, along with trademarks, inventions, utility models and industrial designs.

We transcribe below the articles of the BIPL that regulate indications of origin (emphasis added):

Article 2 - The protection of rights regarding industrial property, taking into consideration its social interest and the technological and economic development of Brazil, is effected by:

- I. the granting of patents for inventions and for utility models;
- II. the granting of registrations on industrial designs;
- III. the granting of trademark registrations;
- IV. the repression of false geographical indications;** and
- V. the repression of unfair competition.

SECTION II
SIGNS NOT REGISTRABLE AS TRADEMARKS

Article 124 - The following is not registrable as a trademark:
(...);

- IX. a geographical indication and its imitation liable to cause confusion, or a sign that may falsely lead to a geographical indication;
- X. a sign that leads to a false indication as to origin, source, nature, quality or utility of the products or services for which the mark is intended;

TITLE IV

GEOGRAPHICAL INDICATIONS

Article 176 - Indications of source and appellations of origin are regarded as geographical indications.

Article 177 - An indication of source is the geographical name of a country, city, region or locality in its territory that has become known as a center of extraction, production or manufacture of a given product or as a place of providing a given service.

Article 178 - An appellation of origin is the geographical name of a country, city, region or locality in its territory that identifies a product or service, the qualities or characteristics of which are exclusively or essentially attributable to its geographical environment, including natural and human factors.

Article 179 - Protection shall extend to the graphic or design representation of the geographical indication, as well as to the geographical representation of the country, city, region or locality in its territory, the name of which constitutes a geographical indication.

Article 180 - A geographical name that has become of common use to identify products or services shall not be considered a geographical indication.

Article 181 - A geographical name which neither constitutes an indication of source nor an appellation of origin may serve as the characteristic element of a product or service mark, provided that it is not misleading as to true source.

Article 182 - The use of a geographical indication shall be restricted to the producers and service providers established in the locality, compliance with quality requirements also being required with respect to appellations of origin.

Sole Paragraph - The INPI shall establish the conditions for registration of geographical indications.

CHAPTER V
CRIMES AGAINST GEOGRAPHICAL INDICATIONS
AND OTHER INDICATIONS

Article 192 - To manufacture, import, export, sell, display or offer for sale, or keep in stock a product with a false geographical indication.

Penalty - Imprisonment for 1 (one) to 3 (three) months, or a fine.

Article 193 - To use on a product, container, packaging, band, label, invoice, circular letter, billboard or any other means of publicity or advertising rectifying expressions such as "type", "kind", "sort", "system", "similar", "substitute", "identical" or the like, without forewarning the real source of the product.

Penalty - Imprisonment for 1 (one) to 3 (three) months, or a fine.

Article 194 - To use a trademark, commercial name, title of establishment, insignia, advertising expression or sign, or any other form which may indicate a false source, or to sell or display for sale a product with such signs.

Penalty - Imprisonment for 1 (one) to 3 (three) months, or a fine.

In accordance with sole paragraph of article 182 of the BIPL, the Brazilian Patent and Trademark Office (“BPTO”) is the public body responsible for editing rules concerning the examination and granting proceedings of geographical indications in Brazil. Currently, the matter is regulated by Normative Ruling N. 25/2013, which establishes “the conditions for the registration of geographical indications.”

2. What requirements in your jurisdiction must be met in order for goods to be marketed with an indication of origin? What are the requirements for services?

A: There is no essential difference between goods and services, in Brazil, concerning requirements for the registration of geographical indications/ indications of origin.

The BIPL regulates the geographical indications as a genre, of which the indications of source and the appellations of origin are certain kinds.

The indication of source requires that the product or service originate from a city, region or locality of its territory, which has become known as a center for extraction, production or manufacturing of a specific product or for rendering of a specific service.

The appellation of origin can only be employed if the product or service identified by the appellation originates from a country, city, region or locality in its territory, and whose qualities or characteristics are exclusively or essentially owed to the geographical means, including natural and human factors.

According to Normative Instruction No. 25/2013 of the BPTO, the generic requirements for the registration of geographical indications are:

- Definition of the geographical name;
- Description of the product or service;
- Effective document to prove the legitimacy of the applicant;
- The regulation of use of the geographical name;
- Official document that defines the geographic area;
- Labels, in the case of graphic or figurative representation of a geographical indication or in case of representation of a country, city, region or locality of the territory, as well as the electronic image file version of the label;
- Proof of payment of the official fee.

The indications of source require, specifically:

- a) documents which prove the renown of the geographical name as a center of extraction, production or manufacture of the product or rendering of the service;
- b) a document proving the existence of a structure of control over producers or service providers who have the right to exclusive use of the indication of source as well as over the product or service identified by the indication of source;
- c) a document proving that the producers or service providers are established in the demarcated geographical area and exercising effectively the activities of production or rendering of services.

The appellations of origin require, specifically:

a) data on the influence of the geographical environment, the quality or characteristics of the product or service which are due exclusively or essentially to the geographical environment, including natural and human factors;

b) description of the process or method of obtaining the product or service, which must be local, fair and consistent;

c) document proving the existence of a control structure over the producers or service providers who have the right to exclusive use of the appellation of origin as well as over the product or service identified by the appellation of origin;

d) document proving that the producers or service providers are established in the defined geographical area and effectively exercising the activities of production or rendering of services.

3. Are there different provisions for different types of goods (e.g. for wines and spirits, foodstuffs, natural goods, industrial products, etc.)? If so, what are the respective requirements?

A: No, the legal requirements are the same, independent of the type of product or service involved.

4. Do the same provisions apply to domestic indications of origin as to foreign indications of origin? Does your jurisdiction for example apply the country-of-origin principle, according to which foreign indications of origin are judged according to the law of their country of origin?

A: Foreign indications of origin will usually undergo a simplified registration proceeding. The Normative Instruction No. 25/2013 defines that foreign geographical names already acknowledged with geographical indications in their country of origin or by competent international organisations are exempted from the requirements mentioned in the answer to question 2, as long as the information required is duly described in the official document which granted or acknowledged the geographical indication. This document must be submitted to the BPTO in official copy and translation.

Should the official document not contain part of the information required by the BPTO, the applicant will have to submit the missing information as defined in the Normative Instruction.

5. Is there a special register for the registration of indications of origin for goods and/or services within your jurisdiction? If yes, what goods or services and what kind of indications of origin can be registered in this register? Please provide a brief description of the registration process and the effects of such a registration and the scope of protection of registered indications of origin. Is it possible that a registered indication of origin becomes a non-protected generic term or are there specific rules that prevent a registered indication from becoming generic?

A: The geographical indications in Brazil are registered exclusively with the BPTO, a federal public entity, as established by the sole paragraph of article 182 of the BIPL.

The BIPL also establishes that the geographical name that does not constitute indication of source or appellation of origin may serve as the characteristic element of a trademark, as long as it does not convey a false representation of origin. However, the BIPL does not establish whether any legal protection is afforded to unregistered geographical indications. In this case, it has been suggested that unregistered geographical indications could be protected under unfair competition law.

Aside from illicit products or services (e.g., illicit drugs), there are no restrictions on products or services that can be identified by indications of origin/ geographical indications.

Briefly put, the geographical indication registration proceedings involve the submission of an application, which then receives a number preceded by the acronym "IG", as in "IG 123456". Afterwards, the BPTO examiner will conduct a formal examination of the application. If any formal irregularity is found, the examiner will issue an office action, which must be responded within sixty days, or the application will be definitively shelved.

After the exam of formalities, the BPTO will publish the application, and third parties will have a 60-day term to submit oppositions. If an opposition is submitted, the applicant will have sixty days to reply. After the opposition term expires, the BPTO will undertake

the examination of the legal requirements and will grant or reject the application. Upon granting of the application, the certificate of registration will be issued automatically.

If the BPTO rejects the application, the applicant will have sixty days to lodge an appeal. If the BPTO rejects the appeal, the applicant may file a nullity lawsuit at the Federal Court.

According to the sole paragraph of article 1 of Normative Instruction No. 25/2013, the registration of geographical indications has a declaratory effect and conveys the acknowledgement of the geographical indication by the BPTO, i.e., the registration is not constitutive of rights. The registration is valid only in Brazil.

A geographical indication may become generic, as implied by the wording of article 180 of the BIPL. However, the BIPL grants the owner of the geographical indication the means to defend against third parties, such as the power to impede the registration of a geographical indication as a trademark (article 124, items IX and X) and allowing the owner to criminally prosecute the undue use of geographical indications (articles 192, 193 and 194).

6. Is the registration of certain indications of origin mandatory in order for them to be protected and their use to be regulated? If yes, to which indications of origin and for what kind of goods and services does such registration requirement apply?

A: Registration is needed only for geographical indications, i.e. indications of source and appellations of origin. Even though the BIPL does not mention “registration” in its provisions that prohibit the use and registration of geographical indications as trademarks, the Normative Instruction No. 25/2013 expressly establishes that only the registration conveys the official acknowledgement of geographical indications in Brazil.

Therefore, in practical terms, without a registration there is no acknowledgement of the geographical indication by the BPTO or the Judiciary, which greatly hinders the enforcement of rights against third parties.

Nevertheless, it is well-known that indications of origin that do not fit within the definition of geographical indications, as well as non-registered geographical indications, enjoy protection under unfair competition rules and consumer rights.

7. Who is entitled to apply for the registration of an indication of origin (any market player, manufacturer organisations only, etc.)? Does the registration of an indication of origin confer property rights upon a specific owner?

A: Normative Instruction No. 25/2013 establishes that the following persons are legitimate applicants for the registration of geographical indications: associations, institutes and legal entities representative of the collectivity that legitimately uses the geographical name in its respective territory. In the event that a sole producer or service provider is legitimated to the exclusive use of a geographical name, he is authorized to request the registration of the geographical indication in his own name.

Concerning foreign geographical indications already acknowledged as such in their countries of origin or by international organisations, the rightful owner of the international registration is the only legitimate party to apply for its registration with the BPTO.

8. If your jurisdiction provides for a registration of certain indications of origin, who defines the rules that have to be followed and the requirements that have to be met when using the registered indication for certain goods or services (the applicants, the lawmaker, a combination of both, others)? If the applicants are competent to define those rules and requirements (e.g. in specifications), are there any provisions or principles that limit the applicant's power and have to be considered by the applicants (e.g. antitrust law, free speech arguments, free movement of goods, etc.)?

A: Brazilian law determines that the applicant must define the rules and requirements a producer or service provider must meet in order to use the geographical indication.

As stated in the answer to question 2, the regulation of use of a geographical indication, which must contain these rules and requirements, must be submitted to the BPTO along with the application in order to make it public.

Anyone who meets the requirements and obeys the rules set forth in the regulation may employ the geographical indication in commerce. However, if the producer or service provider fails to follow the regulation, he will be barred from the use of the geographical indication.

Despite the Brazilian Law not expressly regulating the matter, it is safe to conclude, based on legal principles governing competition law, that the regulation of use of geographical indications cannot be conceived as an instrument of illegal exclusion of competitors or of any kind of anti-competitive behavior. The regulation, as written or as applied in practice, cannot create unreasonable requirements that exclude otherwise legitimate producers or service providers from its use.

Hence, if its possible to determine that a regulation, under the guise of generic and impersonal rules, in reality promotes the intentional exclusion of certain players, the sanctions of the antitrust law (Federal Law No. 12,529/2011) should apply, as long as access to the use of the geographical indication in question is held as essential to developing business.

In any event, there are no known investigations or lawsuits in Brazil involving anti-competitive practices undertaken by an owner of a registered geographical indication.

9. Is it possible that manufacturers, suppliers and distributors of goods or services which have lawfully advertised their goods or services with an indication of origin for a long time be excluded from using the indication of origin after the indication's registration (e.g. because they cannot comply with new use requirements that apply after the registration of the indication of origin)? Does your jurisdiction have any provisions which try to prevent such exclusions of previous legitimate users of indications of origin?

A: The BIPL does not make any exception to the exclusive use to which the owner of the geographical indication is entitled. In other words, even the previous good-faith users of the geographical name should, at least in theory, be excluded from its use once the geographical indication is registered – in the case, of course, that these good-faith users do not meet the regulation requirements. However, there are no known legal actions involving this type of conflict.

In any event, a judge examining this kind of question would be faced with the following problem: if, on one hand, it is possible to argue that it would be unfair to prevent a previous good-faith user from employing the geographical name in spite of him not being able to meet the regulation requirements, on the other hand, one should consider

the fact that the consumers would be confused when faced with the same geographical name identifying products or services with essential differences in quality.

Given that an essential characteristic of geographical indications is to guarantee the presence of specific qualities in a product or service, especially to the end consumer, a judge would be inclined towards the second option and would likely rule against the good-faith user.

10. Do your country's laws provide for the registration of indications of origin as trademarks or service marks, i.e. as certification marks, collective marks or individual marks? If so, what are the requirements?

A: Brazil grants a specific industrial property right in and to geographical indications. However, the BIPL establishes that the geographical name that is not an indication of source or an appellation of origin may serve as a characteristic element of a trademark, as long as it does not convey a false representation of origin.

Brazil also grants rights to collective and certification marks. Therefore, at least in theory, an indication of origin, which cannot be registered as an indication of source or appellation of origin, can still be registered as a collective or certification mark, as long as: (i) the chosen name has not become generic to identify the product or service; and (ii) the chosen name reflects the effective origin of the products or services, lest the principle of truthfulness be violated.

11. How are conflicts between trademarks and non-registered indications of origin or indications of origin that are subject to sui generis protection resolved under your country's laws? Are there specific rules or case law governing such conflicts?

A: The possible conflicts between marks and registered indications of origin are ruled by the BIPL and are usually decided by the first-to-file principle along with the truthfulness principle.

For example, the BIPL prohibits the registration, as a trademark, collective mark or certification mark of a registered geographical indication, as well as of a colorable imitation thereof or of any mark which could lead to a false representation of origin (article 124, item IX). In this case, there appears to be a balance between the priority in

the registration of the geographical indication and the principle of truthfulness of trademarks.

The BIPL also prohibits the registration as a trademark of any sign which could induce false indication of origin, source, nature, quality or utility of goods or services (item X of article 124). In this case, it seems that the law gives more relevance to the principle of truthfulness and, therefore, to the good faith between competitors and to the protection of consumers.

One should take into consideration that the BIPL not only prohibits the registration as a trademark of registered geographical indications. The law also considers it a crime to manufacture, import, export, sell, exhibit or to offer for sale or keep in stock a product which bears false geographical indication, as well as using it as a trademark, corporate name, title of establishment, insignia, advertising expression, or any other form which may indicate a false source, or to sell or display for sale a product with such signs.

12. If during the manufacturing process of a certain product a certain manufacturing step has taken place at a particular location or in a specific geographical area XY, but other steps have taken place in other geographical areas so that the conditions are not satisfied that the product as a whole can be considered to originate from XY, is it possible in your jurisdiction to highlight in the advertisement for this product that one specific manufacturing step took place in XY, e.g. by highlight for example "Research & Development in XY" or "Filled in XY" if those activities actually took place in XY but the product as such does not originate from XY? Do your country's laws have provisions which regulate the reference to the geographic origin of certain manufacturing steps? If so, can you please provide the wording of these provisions?

A: As long as the affirmative is truthful and made in a clear way, it is possible to affirm on the label or advertising of products that part of its manufacturing or even R&D has occurred in countries or regions distinct from its last phase of production, granted that the mandatory data is present (see answer to question 14).

There are no rules in Brazil so specific as to regulate the conveying of this kind of information, nor is there any case law about the theme. Meanwhile, this type of cases would fall under the Consumer Code (Federal Law 8,078/90), which deems that any affirmation conveyed to consumers must be truthful and clear.

13. Do your jurisdiction's laws have specific provisions or is there any case law with regard to the requirements that have to be met to use of the indication "Made in XY" for goods?

A: No. The National Health Surveillance Agency ("ANVISA") and the Ministries which regulate the commerce of goods and services only require that the registrant of a product inform its country of origin. Display of false information is subject to civil, administrative and penal law.

14. Do provisions in the laws of your jurisdiction provide that for certain goods or services the geographic origin must be indicated (mandatory labeling requirements for example in the legislation with respect to food stuffs, cosmetics, pharmaceuticals or customs)? If so, what is the wording of these provisions? To which goods or services do these provisions apply? What kind of indications must be made? Are such mandatory labelling requirements considered to be trade restraints in your jurisdiction?

A: Brazil has specific rules concerning labeling of foods, cosmetics, pharmaceuticals and other goods. However, the written law on this theme is complex and spread over many acts: resolutions issued by regulatory agencies, tax laws, executive orders, normative instructions from public bodies and Ministries, etc.

To facilitate the comprehension of this subject, we provide some examples of specific law in the cosmetics market, animal goods and alcoholic beverages.

Labeling of alcoholic beverages is regulated by Presidential Decree No. 6.871/2009:

Art. 11. The label on the beverage shall contain, on each unit, without prejudice to other dispositions of law, in visible and legible characters, the following wording:

(...);

II – address of the manufacturer or producer, (...), of the bottler or of the importer; (our highlights)

ANVISA has regulated cosmetic labeling in Resolution No. 211/05, whose Attachment V, item 7, defines as mandatory information on labels the “location of manufacturing or industrialization of the product.”

Federal Decree-Law No. 986/1969 regulates labeling of food products. It establishes that labels shall mention in legible wording the location of production (article 11, item IV).

The obligation of informing the place of origin of the product is considered as a legal restriction to trade, justified by the right of information of consumers and tributary obligations.

15. If your jurisdiction has mandatory labelling requirements with respect to the geographic origin of certain goods or services is there a risk of conflicts between the mandatory labelling requirements and the provisions regarding the voluntary use of geographical indications? In other words, is it possible that the mandatory labeling requirements require that a product is labelled with a certain geographic origin while the provisions dealing with the voluntary use of indications of origin would not allow the use of this indication of origin, e.g. because the link between the product and the indicated geographic origin does not seem to be sufficient.

A: The regulation of the registration proceedings of geographical indications in Brazil has the aim of safeguarding the protection of the geographical name. Accordingly, the registration is based on the geographical region and on the qualities of the products or services that it offers.

If two manufacturers / service providers offer information concerning the same geographical source, one spontaneously and under the protection of geographical indications law, the other mandatorily, the latter cannot be held liable for complying with the law.

However, the manufacturer or service provider cannot go beyond the mere information and, e.g., use the same graphical elements registered as geographical indication or the wording “indication of source” / “appellation of origin”. In other words, there cannot be an unnecessary highlight of this information, which may lead the consumer to think that

mere information on the source of the product/ service is in fact a geographical indication.

16. What courts, authorities, or other bodies in your country have jurisdiction to hear cases concerning the protection of indications of origin or are entitled to take measures to protect indications of origin (e.g. civil courts, criminal courts, customs authorities, food safety authorities, chambers of commerce, etc.)?

A: If the case concerns the nullity of a registered geographical indication or of a trademark registration that imitates or reproduces a geographical indication, the lawsuit must be filed at the Federal Court, as the BPTO (a Federal Public Entity) will be a defendant.

If the case concerns the enforcement of registered geographical indications against undue use by third parties, the lawsuit must be filed at the State Court of the jurisdiction where the headquarters of the claimant or of the defendant are located. If the lawsuit aims only at enforcing civil penalties, the lawsuit will be ruled by a Civil Court. Otherwise, the lawsuit will be ruled by a Criminal Court.

Customs authorities can also seize products which bear false geographical indication, as established by the Brazilian Customs Regulation (Federal Decree No. 6,759/2009):

Art. 605. Products identified with counterfeit, altered or imitated trademarks or which bear a false indication of origin may be seized by the customs authority in the course of customs checking.

17. In your personal opinion which rules and concepts of your jurisdiction with respect to the use of indications of source for goods and services do you particularly endorse? Which rules or concepts would you prefer to be amended or abandoned?

A: In my opinion, the current legal frame for protection of indications of origin in Brazil is generally adequate. I endorse in particular the detailed proceedings for registering geographical indications, which guarantee the participation of interested third parties and the defense of the applicant. Another positive point are the remedies available for owners of geographical indications, both in civil and criminal prosecution.

Conversely, the law would benefit from some amendments, such as stating clearly that criminal prosecution is available only to owners of registered geographical indications as well as making it clear that unregistered geographical indications enjoy protection under unfair competition laws. Owners of geographical indications and players in general would certainly benefit from regulation of the previous good-faith user case.

Ultimately, one should keep in mind that there have not been many conflicts arising in Brazil involving indications of origin and that only an increment in the applications for such protection would reveal the shortcomings of the current legal framework.