



Brands in the Boardroom 2007

A new approach to generic marks in Portugal
The Law Firm of Gonalo Moreira Rato

A supplement to *Intellectual Asset Management* magazine
www.iam-magazine.com

iam

This text first appeared in the IAM magazine supplement 'Brands in the Boardroom 2007' April 2007

A new approach to generic marks in Portugal

By **Gonçalo Moreira Rato**, The Law Firm of Gonçalo Moreira Rato, Lisbon

In Portugal, trademarks are governed by the Industrial Property Code (approved by Decree-Law 36/2003), which entered in force on 1st July 2003. This contains rules not only on trademarks and service marks, but also on patents, utility models, semiconductor topographies, models and designs, names and insignia of establishment, logos, appellations of origin and geographical indications. The code additionally includes provisions on protection against unfair competition.

Generic marks

The several Portuguese Industrial Property Codes (1940, 1995 and 2003) established very clearly that marks comprised exclusively of indications that may be used commercially to designate the kind, quality, purpose, value etc of the goods and services covered by the mark cannot be registered.

The marks for which applications have been made must have a distinctive character, inherently and with regard to similarity with previous registrations or applications for similar products or services, and must fulfil all the legal requirements established in the Portuguese Industrial Property Code.

The Portuguese Institute of Industrial Property (INPI) has always refused the kind of marks composed only of generic expressions. And the Portuguese courts have also followed this principle.

Problems raised

However, until recently neither the INPI nor the courts have faced up to certain difficulties as regards marks composed of foreign expressions. Instead, certain generic expressions have been accepted by the authorities due to the fact that were not in

Portuguese. For instance, because the English language was not known by a significant majority of the Portuguese people, certain words, namely in the field of new technologies, were not perceived as generic names. As a result, words such as online, internet, computers, software, hardware, net, telecom and so on could have been accepted as trademarks.

In recent years, however, the Portuguese courts have reversed the old approach of the INPI. Because certain foreign names are currently used in a lot of areas, such as computers, medicine, telecommunications and so on, judges have considered these foreign expressions in a different manner and are now considering marks written in a foreign language very carefully. As a result, decisions of the courts have overturned the previously well-established principles.

Most of the young Portuguese judges are familiar with the new technologies using computers and the internet. They understand that many services are provided by companies through the internet and so the courts have to have a careful approach to such services.

In order to illustrate the new points of view of the Portuguese courts we are showing two recent decisions with regard to the terms Internet.com and Bancoonline. These two expressions were refused by the INPI and by the courts because of generic character.

The Internet.com decision

In a decision of 7th July 2005 the Lisbon Commercial Court (Case 7187) upheld the decision of the INPI to reject the expression Internet.com as a trademark. The US company JupiterMedia Corporation has applied for the registration of the expression.

The applicant appealed to the Lisbon Commercial Court based on two main arguments:

- That the term Internet.com might initially

lack distinctiveness, but had become well known and thereby distinctive (secondary meaning).

- That the trademark could be granted without exclusivity of use as regards the elements of the whole expression (Article 223 (3) of the Portuguese Industrial Property Code).

As regards the first argument, the court considered that the applicant had not been able to prove the kind of consumers to which the term was known and which identified the term in question as a distinctive mark. The court also argued that the secondary meaning could not be applied to all terms lacking distinctiveness. The court stated that the adoption of such an expression as a mark would prevent other competitors from using the words and confirmed that such a generic expression should be free for use in the interest of fair competition. The court considered that consumers used the expression when referring to the internet and services related with it. Thus, if the mark were granted no other companies could use the expression for similar products or services.

As regards the second argument, the court stated that such a possibility arises only in cases where the trademark is composed of several elements and where only one or two of those elements are not distinctive. In this case, the trademark is composed of only two generic elements. Thus, if the trademark were granted, the holder would have no exclusive rights and the trademark would be void.

The Bancoonline decision

In a decision of 17th March 2006, the Lisbon Court of Appeals upheld the decision of the INPI and of the Lisbon Commercial Court to reject the expression Bancoonline (Bank online) as a trademark for telecommunications services (International Class 38).

The Portuguese company Saber e Lazer – Informática e Comunicação SA, a subsidiary of Portugal Telecom, had applied for the registration.

The applicant appealed to the Lisbon Court of Appeals based on the following arguments:

- That the term Bancoonline does not suggest the universe of services provided by the mark, as such a broad list of services is much bigger than the ones suggested by the expression of the mark.
- That the trademark is not only composed of two generic names (bank + online), but that the way that they are mixed should be considered a fancy expression with distinctive character.

With regards to the first argument, the court considered that, under Article 166 of the Portuguese Industrial Property Code, marks that are composed of signs and indications that may be used commercially to designate the kind, quality, quantity, purpose, value, geographical origin, time of production of the product or of rendering of the service, or other characteristics thereof, do not meet the requirements for the composition of a mark. As a result, such expressions indicating the nature of the services provided by the applicant for a mark cannot be accepted as trademarks.

As regards the second argument, the court found that the expression itself does not offer sufficient distinctive character for the services covered. The court considered that trademarks are intended to distinguish the products and services of different companies. In the face of the expression Bancoonline, consumers would not know exactly what the distinctive character of such a mark is, given the fact that all competitors offers the same services.

Conclusion

These two decisions show the new point of view of the Portuguese courts. This new approach in jurisprudence is an important development in the Portuguese trademark field, with great importance for economic activity, given the fact that it restrains the use of foreign generic expressions as trademarks.

Under the old approach, many foreign generic marks were accepted by the Portuguese authorities with prejudice to the Portuguese mark owners and to Portuguese consumers. The new rules make the Portuguese IP field uniform for all.

In a global economy it is important that all parties have the same conditions and rights. This is an important way to ensure fair and free competition.

In Portugal, the exclusive rights to a trademark are established through registration. In principle, the person who is first to file a trademark application enjoys the right to registration. In accordance with the Paris Convention, priority may be claimed within six months of the filing date of the home application. Any individual or legal person – including a trader or holding company – with a lawful interest in a mark may seek its registration.

Under Portuguese law, a mark may consist of a sign or set of signs which is capable of being represented graphically – in particular, words, including personal names, designs, letters, numerals, sounds or the shape of goods or their packaging – provided it is also capable of distinguishing the goods or services of one company from those of others.

This definition, set out in Article 222 of the Industrial Property Code, follows closely the definition included in the first Trademarks Directive (89/104/EEC) and the Community Trademark Regulation (40/94).

Article 223 of the code lists the following exceptions, which cannot be registered as a trademark:

- Marks that are devoid of distinctive character.
- Marks comprised exclusively of the shape of the goods, where this results from the nature of the goods, is necessary to obtain a technical result or gives the goods substantial value.
- Marks comprised exclusively of indications that may be used commercially to designate the kind, quality, purpose, value, geographical origin or time of production of the goods or provision of the services, or other characteristics of the goods or services.
- Marks comprised exclusively of indications that have become customary to describe the goods in current language or in good-faith and established commercial practices.
- Marks comprised exclusively of colours, except when they are combined together or with graphics, wording or other elements in a particular and distinctive manner.



The Law Firm of Gonçalo Moreira Rato

Rua Rodrigo da Fonseca 72 - 3º E,
1250-193 Lisbon, Portugal
Tel: +351 21 387 5201
Fax: +351 21 387 5200

Gonçalo Moreira Rato

Lawyer and intellectual property consultant
gmrato@mail.telepac.pt

Gonçalo Moreira Rato has his own law firm and has been a qualified lawyer since 1987. He graduated from the University of Lisbon (Lic Jur 1985) and obtained a Diplôme d'Étude Supérieures Spécialisées in industrial property law in 1988 (master in intellectual property and international contracts) at the Faculty of Law of the University of Strasbourg. He is a qualified Portuguese industrial property agent (1995), European patent attorney (1992) and European trademark attorney (1996).

His practice is focused on IP and industrial property law, and involves the acquisition, enforcement and exploitation of patents, trademarks, industrial designs, copyrights, software, domain names and other rights (contentious and non-contentious). He has written several works on intellectual property and is a frequent speaker at national and international seminars and conferences concerning IP.

The Law Firm of Gonalo Moreira Rato

Rua Rodrigo da Fonseca 72 - 3º E,
1250-193 Lisbon, Portugal

Tel: +351 21 387 5201

Fax: +351 21 387 5200