

Trademarks of prestige enjoy additional protection

The court of appeal in Lisbon has ruled, in a recent decision, that the principle of speciality, upon which there shall be no likelihood of confusion between two trademarks, if although identical, the goods or services they represent are of different nature, shall be disregarded, if one is a trademark of considerable prestige and its reputation may be diluted or blurred by the use of the other.

In 2006 “La Paz Sigaren Fabrieken BV” registered its international trademark “Salsa” of tobacco products with INPI (the Portuguese Institute of Industrial Property), with the intention to introduce its commercialisation in Portugal.

But the textile company IVN, the manufacturer of a well known garments line and proprietor since 1996 of the Portuguese trademark “Salsa” and since 2003 of an identical community trademark (Nice class 25 - clothing, footwear, and headgear) opposed the registration of the cigar trademark on the basis that La Paz was imitating its own trademark, which was one of prestige as provided for under article 242 of the Portuguese Code of Industrial Property, and was taking undue advantage from the distinctiveness and reputation of its mark on the national market, therefore causing it damages and violating its exclusive rights.

As a result of IVN’s application, the protection granted to La Paz with the registration of its trademark in Portugal was cancelled.

La Paz BV challenged this decision at the Lisbon Court of Appeal, disputing that the trademark “Salsa” owned by IVN, although benefitting from prior registration in Portugal, was one of prestige for the purposes of article 242 and alleging that due to the different nature of the products represented by the two trademarks it could not benefit from the distinctiveness or reputation of the other mark or cause IVN any damages.

These two issues were considered by the court. It noted that the two trademarks enjoyed a very high level of reputation and notoriety and had achieved a considerable capacity to attract consumers and to retain their loyalty and satisfaction. It also held that there was no evidence that La Paz intended to take undue benefit from the distinctiveness of IVN’s trademark.

But the court also confirmed that article 242 of the Code of Industrial Property imposes an exception to the principle of speciality, rendering irrelevant the lack of identity of the products of the two trademarks and conferring additional protection and a right of exclusiveness to the priority of application, if there is a risk of the later trademark harming the distinctiveness of the trademark registered in first place.

Therefore, although noting that La Paz was not attempting to ride on the coat-tails of IVN’s trademark and that the selling power of this mark was unlikely to be affected, the court considered that due to the resemblance of the two marks, the use of the one owned by La Paz would however have a negative effect of *dilution by blurring* of IVN’s trademark.

As a result, the court considered that IVN had an exclusive right in the use of its trademark and rejected the appeal of La Paz.

Duarte Silva Marques
António Alfaia de Carvalho
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