

Question Q214

National Group: PORTUGAL

Title: **Protection against the dilution of a trademark**

Contributors: Isabel Carvalho Franco, Carmen Pina, Filipe Baptista,
Paulo Vieira Barreto, Cristina Almeida Carvalho and
João Paulo Mioludo

Representative within

Working Committee: Isabel Carvalho Franco

Date: 8 April 2010

Questions

I. Analysis of current law and case law

1.

Do the laws of your country provide for protection against dilution of a trademark? If so, which laws?

The concept of “dilution of a trademark” is not expressly mentioned in the laws of Portugal. However, it has been accepted by our doctrine and case law that the provisions of the Portuguese Industrial Property Code ruling on marks with reputation (“*marcas de prestígio*”) provide for protection against dilution of a trade/service mark. The relevant legal provisions are Articles 242, 266 and 323(e) of the Industrial Property Code (Decree-law No. 36/2003 of March 5, as lastly amended by Law No. 16/2008 of April 1).

Accordingly, whenever a mark has reputation in Portugal or in the European Union (if it is a Community mark), same mark can be entitled to protection against dilution in case of detriment on its distinctive character or reputation.

2.

Is there a legal definition of dilution in your legislation or case law?

There is no legal definition of dilution.

3.1.

Which trademarks are afforded protection against dilution? What are the eligibility criteria? (Please only briefly list the eligibility criteria here; more detailed explanations will be required below).

Marks with reputation in Portugal or in the European Union (in case of Community marks) are afforded protection against dilution (see No. 1 above).

The eligibility criteria are distinctive character and reputation. Further requirements are use, registration or, at least, application for registration the mark filed, depending on the applicable legal provisions.

3.2.

To be eligible for protection against dilution does a mark need to be distinctive? If so, does the protection depend upon the mark being inherently distinctive or are marks that have acquired distinctiveness through use also protected?

Yes, a mark needs to be distinctive to be eligible for protection against dilution. This applies to inherently distinctive marks and might also apply to marks that have acquired distinctiveness through use. Insofar, there is no case law concerning protection against dilution for marks that have acquired distinctiveness through use.

3.3.1.

To be eligible for protection against dilution does a mark need to have a reputation or be well-known or famous? If so, when does a mark have a reputation, when is it well-known or when is it famous? Are the factors mentioned in paragraph 15 and 22 above relevant for determining whether a

mark has a reputation, is well known or famous? For what point in time does this have to be assessed?

To be eligible for protection against dilution, a mark needs to have a reputation (“*prestígio*”) as mentioned under No. 1, above.

The Portuguese law or case law do not establish any criteria for determining whether a mark has a reputation nor as from what point in time reputation has to be assessed. This is always established case by case. The relevant factors include the degree of knowledge or recognition of the mark by the general consuming public or even in the relevant sector of the public, the amount, duration and geographical area of use (sales of goods or services offered under the mark), the duration and extent of promotion or advertising of the mark, the value associated with the mark.

3.3.2.

For a mark to have a reputation or to be considered well known or famous, must it meet a certain knowledge or recognition threshold? If so, what is that threshold? What percentage of population awareness is required? How widespread must the awareness be across the country? If a mark is well known or famous in one country, what effect, if any, does this have with regard to other countries?

As above mentioned, Portuguese law and case law do not foresee any criteria for a mark to be considered to have a reputation or to be considered well-known or famous, namely the percentage of population awareness required. If a mark is well-known or famous in other countries, this fact might be relevant in Portugal depending on the specific case.

3.3.3.

What is the relevant population in determining the knowledge, recognition or fame of the mark, the general public at large or the relevant sector of public? Is recognition or fame in a limited product market (“niche market”) sufficient?

As already mentioned above, Portuguese law and case law do not foresee any criteria for determining the fame or the reputation of a mark.

The criteria established in 1999 WIPO Recommendations concerning the protection of well-known marks are usually followed as well as the criteria established by the ECJ case law

Recognition or fame in a limited product market (“niche market”) can be sufficient, namely to assess that a mark has reputation. This is in accordance with Portuguese and ECJ case law.

3.4.

To be eligible for protection against dilution is it required that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country where protection is being sought?

According to the provisions of the Portuguese Industrial Property Code - Articles 242, 266 and 323(e) - it is required that the mark eligible for protection against dilution has been registered or, at least, an application for registration of the mark has been filed or that the registered mark has been in use (as any other Trademark, use is required if the mark has been registered for more than 5 years).

Are there any other criteria a mark must comply with to be eligible for protection against dilution?

No.

3.5.

Is eligibility for protection against dilution a matter of law or an issue of fact? Who bears the burden of proof regarding the eligibility criteria? How does one prove that a mark meets the eligibility criteria? Are sales and advertising figures sufficient or is survey evidence required? Which evidential standard must this proof satisfy?

Eligibility for protection against dilution is an issue of law in our country.

The owner of the mark eligible for protection against dilution bears the burden of proof and, as a matter of principle, he should always submit clear evidence that the mark has reputation in Portugal or in the EU (in the case of a Community mark).

Sales and advertising figures are usually sufficient. Survey evidence is not required but it is useful. There is no established standard regarding the evidence that the owner of the mark must submit.

3.6.

Is there any registry of eligible marks in your country? If so, what is the evidentiary value of registration? Can it be challenged in litigation?

There is no such registry in Portugal.

4.

Does your law require the existence of a ‘mental association’ or ‘link’ between the earlier trademark and the later trademark?

Although the Portuguese law does not expressly provide for the requirement of existence of a “mental association” or “link” between the earlier trademark and the later trademark, from its interpretation, namely the provisions in Articles 242(1), 266(1) and 323(e) of the Portuguese Industrial Property Code, it transpires that the existence of said “mental association” or “link” is a requirement. As a matter of fact, said legal provisions have resulted from the transposition of Council Directive No. 89/104/CEE, of 21 December 1988 (which harmonises the Trademark law of the EU State-members), into the Portuguese law, namely of its Article 4(a). The way by which the European Court of Justice has been interpreting said article shows that for its enforcement it has been required the existence of a “mental association” or “link” between the earlier trademark and the later trademark (v. judgements C-252/07 Intel Corp v CPM (UK) Ltd. and C-408/01 Adidas-Saloman AG/Adidas Benelux BV v Fitness Trading Ltd). Said interpretation may also be found in the few existing Portuguese case law (Supreme Court of Justice, 2003, case “NIKE” in Class 25 vs. “NIKE” (Campomar) in Class 3; Supreme Court of Justice, 2003, case “BOSS” in Class 25 vs. “BOSS” in Class 34; Appeals Court of Lisbon, 2009, case “SALSA” in Class 25 vs. “SALSA” in Classes 35, 37 and 39).

If so, in which circumstances does a ‘mental association’ or ‘link’ between the earlier trademark and the later trademark exist?

The Portuguese law does not establish the circumstances in which a “mental association” or “link” between the earlier trademark and the later trademark exist. These circumstances will have to be established by the Portuguese authorities and Courts by taking into account the case law.

Are the factors mentioned in paragraph 27 and 28 above relevant for assessing the existence of such a ‘mental association’ or ‘link’?

Although the Portuguese law does not establish any factors for assessing the existence of a “mental association” or “link”, the factors mentioned on paragraph 27 (such as degree of similarity between the earlier and later mark, nature and similarity of respective goods and services, strength of earlier mark’s reputation, the degree of earlier mark’s distinctiveness, possible likelihood of confusion) and paragraph 28 (such as the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark, the degree of recognition of the famous mark, possible association between the junior mark and the famous mark) can be relevant for assessing the existence of such a “mental association” or “link”, all the more so that some of those factors come from the European Union case law.

Are there other factors to take into account?

There are no other factors to take into account.

Is the assessment of a link a question of fact (so something that can be established by market surveys), or is it a question of law to be established by the courts or authorities on the basis of such factors?

The assessment of a link is a question of fact (it is something that must be established by means of evidence, namely by market surveys).

5.

Does such ‘mental association’ or ‘link’ between the earlier trademark and the later trademark automatically result in detriment to the earlier trademark’s repute or distinctive character? Or does detriment have to be proved over and above the existence of a ‘mental association’ or ‘link’?

The “mental association” or “link” between the earlier trademark and the later trademark does not automatically result in detriment to earlier trademark’s repute or distinctive character.

The detriment does have to be proved over and above the existence of a “mental association” or “link”.

6.

Are the same factors taken into consideration to assess the existence of detriment as those already discussed for the link? Are there additional ones?

The Portuguese law does not establish factors to assess the existence of detriment either. So, for assessing the existence of detriment or even of a possible detriment, the factors that can be taken into account are not only those above mentioned for assessing the existence of a link but also any other factors which, even not necessary, may prove the existence of a serious risk to a change in behaviour of the average consumers of the goods or services for which the earlier Trademark has been registered following the use of the later Trademark.

7.

Must actual dilution be proved or is a showing of likelihood of dilution sufficient?

In Portugal, a showing of likelihood of dilution is sufficient, as confirmed by the conditional wording of article 242(1), which requires that the use of the later trademark would be detrimental to the distinctiveness or repute of the earlier mark. This is understandable because in most cases the later trademark has not been put to effective use when the dispute arises.

Nevertheless, the proof of actual dilution should not be ruled out completely and if there is evidence of actual use or damage, it must be produced and weighed.

Whose burden of proof is it?

According to the civil law general rule about burden of proof, who claims a right must produce evidence of the facts in which the alleged right is based. This means that the plaintiff/opponent bears the burden to show that the actual or future use of the later trademark has caused, or is likely to cause, detriment to the distinctiveness or the repute of the earlier mark.

How does one prove dilution or likelihood of dilution?

In case of actual dilution, one must give evidence of the kind of detriment suffered and show that it resulted from the use of the later trademark. For this purpose, one may rely on a variety of indications, such as a decrease in sales, a loss of clientele, a decline of the degree of recognition of the mark among the public, a change in the economic behaviour of the average consumer.

In the case of potential dilution one must prove any conditions of fact which might be necessary for giving rise to a probability of detriment, that is which could lead to the *prima facie* conclusion that such an event is indeed likely in the ordinary course of events.

Considering that in the majority of cases the proof respects to a future event, it is often necessary to base certain conclusions on legal presumptions (logical assumptions or deductions resulting from the application of the rules of probability to the facts of the specific case).

If the type of detriment argued in the specific case presupposes the fulfilment of certain particular conditions of fact, these facts will need to be proved by the submission of appropriate evidence.

The trademark dilution may be proved by all means of evidence foreseen in the law, specially by documentary evidence (such as opinion polls, marketing surveys, expert opinions, auditing reports) and deposition of witnesses.

The Portuguese courts usually rule the existence of trademark dilution based on legal presumptions, taking into account the facts alleged and the evidence produced in the specific case (namely about the degree of reputation of the earlier mark, the exclusive character of the earlier mark, a given image of the earlier mark, a certain marketing strategy of the earlier mark, etc.).

Does detriment require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely? If so, what is a change in the economic behaviour of the average consumer? Is reduced willingness to buy goods sold under the earlier mark a change in the economic behaviour? How do you prove a change in the economic behaviour of the average consumer or likelihood of such change in behaviour?

Insofar, a change in the economic behaviour of the consumer has not been considered a necessary factor in Portugal for assessing trademark dilution. As explained above, the detriment of the earlier mark is usually ruled based on legal presumptions based on the degree of reputation of the earlier mark.

- 8. What is the extent of protection afforded to marks which are eligible for dilution protection? May the owner of the earlier trademark object**
- **to the registration of a later trademark?**
 - **to the actual use of a later trademark?**
 - **in respect of dissimilar goods only or also in respect of similar goods?**

In Portugal, a mark with reputation enjoys protection apart from the so-called “principle of speciality”. Being so, the protection afforded to marks with reputation gives its owner the right to:

- object to the registration of a later mark even if intended to dissimilar goods and/or services by means of filing an administrative opposition at the National Institute of Industrial Property (Article 242 of the Industrial Property Code);
- request the cancellation of a later registered mark by submitting a judicial cancellation action (Article 266 of said Code);
- object to the use of a mark by third parties by submitting a criminal complaint (Article 323(e) of said Code).

As a pre-condition, the mark with reputation must have been filed, registered or in use, as applicable to the specific case.

- 9. What are the legal remedies? May the owner of the earlier trademark file an opposition and/or a cancellation action? May he ask for injunctive relief or preliminary injunctive relief? Does your trademark office refuse the registration of a later trademark on grounds of likelihood of dilution?**

The violation/infringement of a mark with reputation gives to its owner the right to ask for the payment of an indemnity for losses and damages.

The Portuguese law also foresees that, by judicial decision, measures regarding the destiny of the goods be taken, as well as measures intended to avoid the continuation of the infringement.

As already mentioned (see No. 8 above), the owner of a mark with reputation can file an opposition against an application for registration of a later mark. He may also file a judicial cancellation action.

Under the provisions of the Portuguese Industrial Property Code, preliminary measures can be taken whenever the violation of industrial property rights is eminent and measures can be taken to prohibit the continuation of the infringement.

The Portuguese authorities (National Institute of Industrial Property) and courts may refuse an application for registration of a mark based on the likelihood of dilution of a mark with reputation.

II. Proposals for adoption of uniform rules

1.

Which trademarks should be eligible for protection against dilution?

Marks with reputation or famous marks should be eligible for protection against dilution, i.e. marks that can enjoy protection beyond the so-called “speciality principle”.

In view of the great amount of investment, in particular in commercial promotion and advertising, spent by its owner, this particular type of marks should deserve a protection when there is a likelihood of dilution (and irrespective of the fact that there is likelihood of confusion or not).

What should the eligibility criteria be?

The criteria should be distinctiveness (both inherent distinctiveness and distinctiveness acquired through use) and reputation or fame of the mark.

Should recognition or fame in a limited product market (“niche market”) be sufficient?

Yes, reputation or fame of a mark even in a limited product market (“niche market”) should be sufficient for the protection against dilution. This is in accordance with present ECJ case law regarding marks with reputation.

2.

Should it be a criteria for being eligible for dilution protection that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country?

For being eligible for dilution protection, the mark should have been registered or, at least, an application for registration of the mark filed. Regarding the use, use should be required when the registration has more than 5 years, as it is required for any other mark registration.

3.

Should there be a registry of eligible marks?

A registry of marks with reputation or famous marks could be desirable.

Such a registry would have mainly the advantage of making easier for the mark's owner to submit evidence that the mark had obtained a special status when there is a need to enforce the famous or reputed mark's rights.

However, the Group found very difficult to establish clear criteria for a mark to be included in such a registry.

If so, what should the evidentiary value of registration be? Should it be possible to challenge it in litigation?

The evidentiary value of the registration should be restricted to evidence that the mark had obtained, at least during a certain period of time, a special status thus being eligible for a broader protection, namely against dilution. Such a registration should not be mandatory and it should be possible to challenge it in litigation at any time.

4.

Should the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark be an independent requirement for a trademark dilution claim?

The existence of a "mental association" or "link" between the earlier trademark and the later trademark should not be considered an independent requirement for a trademark dilution claim since this requirement by itself is not enough for claiming a Trademark dilution; it should be associated with other requirements, one of them being the existence of a potential detriment for the owner of the earlier Trademark.

5.

Should detriment to the distinctive character or reputation of the earlier mark require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely?

Taking into account that (i) actual detriment will occur only exceptionally because in the majority of the cases the later trademark is not in effective use when the dispute takes place and that (ii) in most cases, it will be very difficult to prove a change in the economic behaviour of the average consumer directly caused by the use of the later trademark or even a likelihood that such a change will occur, a change in behaviour should not constitute a necessary requirement to establish detriment of the earlier trademark.

Detriment of the earlier trademark should be determined on the basis of a global appreciation of all the relevant circumstances of the case and based on legal presumptions, taking into account the degree of similarity between the earlier and later mark, the nature of the concerned goods/services, the strength of the earlier mark's reputation, the degree of exclusivity of the earlier mark

6.

What should the remedies be for dilution of a mark?

The remedies should be the same as for any other trademark infringement case.

SUMMARY

This question seeks to examine the protection given to trademark owners against the dilution of their marks.

In Portugal, the provisions of the Industrial Property Code ruling on marks with reputation provide for protection against dilution. Accordingly, whenever a mark has reputation in Portugal or in the European Union (if it is a Community mark), same mark can be entitled to protection against dilution in case of detriment on its distinctive character or reputation.

The Portuguese Group agrees that marks which may enjoy protection beyond the so-called "speciality principle" should be afforded protection against dilution,

irrespective of the fact whether there is likelihood of confusion or not. Such marks should be distinctive and enjoy fame or reputation, even in a limited product market (“niche market”).

Protection against trademark dilution should be associated to the existence of a potential detriment for the owner of the mark. However, showing evidence in a change in the consumers behaviour should not constitute a necessary requirement to establish detriment of the mark.

Therefore, the Portuguese Group supports that, under specific legal conditions, the “selling power” of a mark should be protected so as to avoid a diminishing or loss of the mark distinctiveness.

Résumé

Cette question cherche à analyser la protection accordée aux titulaires des marques en cas de dilution de leurs marques.

Au Portugal, les dispositions du Code de la Propriété Industrielle concernant les marques de renommée assurent la protection en cas de dilution. De ce fait, lorsqu’une marque jouit de renommée au Portugal ou dans l’Union Européenne (s’il s’agit d’une marque Communautaire), la même marque peut être protégée contre la dilution en cas de préjudice à son caractère distinctif ou renommée.

Le Groupe portugais est d’accord que les marques qui peuvent jouir de protection au-delà du dénommé “principe de la spécialité”, doivent avoir une protection en cas de dilution, indépendamment du fait qu’il existe ou non la possibilité de confusion. Ces marques doivent être distinctives et être célèbres ou de renommée, même dans un marché de produits limité (“niche market”).

La protection contre la dilution doit être associée à l’existence d’un possible préjudice pour le titulaire de la marque. Toutefois, la preuve de changement du comportement des consommateurs ne doit pas constituer une exigence nécessaire pour établir qu’il y a préjudice de la marque.

En conclusion, le Groupe portugais soutient que, soumis à des conditions légales spécifiques, le “selling power” de la marque doit être protégé afin d’éviter une diminution ou perte de son caractère distinctif.