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Q245

Taking unfair advantage of trademarks: parasitism and free riding

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I. Current law and practice

1) Do the laws of your jurisdiction provide for protection against:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines (see paragraphs 26) and 27) above); and/or

no

Please comment:

The protection against taking of unfair advantage of trademarks in Brazil is afforded jointly by several legal provisions. There is no specific provision that regulates the unfair advantage of trademarks as defined in these Working Guidelines, but rather numerous provisions that can be applied depending on the nuances of each situation. This possibility is widely recognized in legal doctrine and Brazilian case law. The provisions that give support to this understanding are reproduced below:

Civil Code – Articles 186 and 187

Art. 186. A person who, by voluntary act or omission, negligence or imprudence, violates rights and causes damage to another, even though the damage is exclusively moral, commits an illicit act.

.....

Art. 187. The holder of a right also commits an illicit act if, in exercising it, he manifestly exceeds the limits imposed by its economic or social purpose, by good faith or by good conduct.

Consumer Protection Code – Article 4, VI

Article 4 - The purpose of the National Policy for Consumer Relations is to meet the consumer's needs, the respect to its dignity, health and safety, protection of its economic interests, improvement of the quality of his life, as well as transparency and harmony in the consumer relations, considering the following principles:

(...)

VI. - efficient restraint and repression of all abuses in the consumer market relations, including unfair competition, inadequate use of industrial inventions and creations of trademarks, commercial names and logotypes that might cause losses to consumers;

Competition Law – Articles 36

Article 36 - Shall be deemed a violation of the economic order, notwithstanding malicious intent, the acts in any way intended or otherwise able to produce the effects listed below, even if any such effects are not achieved:

(...)

XIV – to take possession of or bar the use of industrial or intellectual property rights or technology;

(...)

XIX – to perform or abusively explore the industrial or intellectual property rights, technology or trademark.

Industrial Property Law:

Article 124 - The following are not registrable as marks:

(...)

XIX - reproductions or imitations, in whole or in part, even with additions, of a mark registered by a third party, to distinguish or certify a product or service that is identical, similar or akin, and which are likely to cause confusion or association with the third party's mark;

(...)

XXIII - signs that imitate or reproduce, wholly or in part, a mark of which the applicant could obviously not fail to have knowledge in view of his activity, and of which the proprietor is established or domiciled in the national territory or in a country with which Brazil maintains an agreement or guarantees reciprocity of treatment, if the mark is intended to distinguish a product or service that is identical, similar or akin, and is likely to cause confusion or association with such third party mark.

Article 130. - The registrant of, or applicant for, a mark is also guaranteed the right to:

(...)

III. - care for its property integrity or reputation.

.....

Article 132. - The owner of a mark shall not:

(...)

II. - prevent manufacturers of accessories from using the mark to indicate the use of the product, provided that fair competition practices are followed;

(...)

IV. - prevent any reference to the mark in speeches, scientific or literary works or in any other type of publication, provided that it is made with a nonprofit connotation and without prejudice to its distinctive character.

Article 190. - A crime is committed against mark registrations by whoever imports, exports, sells, offers or exhibits for sale, hides or maintains in stock:

I. - a product branded with third-party marks fully or partially reproduced in an illicit manner;

.....

Article 195. - A crime of unfair competition is committed by whoever:

(...)

III. - uses fraudulent means to solicit, for one's own or someone else's benefit, a third-party clientele;

.....

Paris Convention: Article 10 bis

Article 10 *bis*

Unfair Competition

(1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.

(2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.

(3) The following in particular shall be prohibited:

(i) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;

(ii) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a competitor;

(iii) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

- **The Self Regulating Code for Advertising (although such Code is not a legislation *per se*, as it was created independently by entities involved with the advertising market, it is an important tool to take into consideration in cases of parasitism and free riding. The Code regulates comparative advertising, for example, in a detailed form when compared to standard legislation. The Code and the decisions issued by the Self Regulating Council for Advertising (CONAR) serve as reference for a number of judicial decisions)**

Article 32

In view of the modern international trends and in compliance with the applicable rules of the Industrial Property Code (Law no. 5772, of December 21, 1971), comparative advertising shall be accepted, provided that it conforms to the following principles and limits:

a. its primary purpose shall be the clarification or consumer's protection;

b. it shall have as basic principle the objectiveness of the comparison since subjective data, psychological or emotionally based data does not constitute a valid comparison basis for consumers;

c. the purposed or implemented comparison shall be capable of being supported by evidence;

d. in the case of consumption goods, the comparison shall be made with models manufactured in the same year and no comparison shall be made between products manufactured in different years, unless it is only a reference to show evolution, in which case the evolution shall be clearly demonstrated;

e. there shall be no confusion between the products and competitor's brands;

f. there shall be no unfair competition, denigration of the product's image or another company's product;

g. there shall be no unreasonable use of the corporate image or goodwill of third parties;

h. whenever the comparison is made between products with different prices such circumstance shall be clearly indicated in the advertisement.

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

no

Please comment:

Aside from the provisions mentioned above there are no others relevant to this subject matter.

For the questions below, if b. applies either separately or in addition to a., please make that clear in any relevant answer.

2)	What is this protection called, and is this a definition developed in case law or found in a statutory provision? If such protection is characterised as a form of protection against dilution, please state this and provide any explanation as to the basis for such characterisation.

The adoption of unfair business practices in Brazil is generally called *unfair competition*. In situations where there is no direct competition between the parties or between their products/services, but a party tries to take advantage of the reputation or fame of the other party's trademark, Brazilian case law and doctrine considers such practice as *parasitic competition* (synonym of parasitism or free riding as described in these Working Guidelines).

Both terms, unfair competition and parasitic competition, do not have legal definitions. Unfair competition practices are exemplified in the Industrial Property Law, but other practices not described can also be deemed illegal if proven to be unfair. Regarding parasitic competition, it is a doctrine developed in Brazilian case law taking into consideration the legal provisions mentioned above.

There is one specific provision that protects a trademark against dilution and parasitic competition, which is found in Article 132, item IV, of the Industrial Property Law.

3)	If such protection is available, what is the basis for the protection, e.g. trademark law (distinguishing between unregistered and registered trademarks where relevant), unfair competition, consumer protection law, common law? If multiple causes of action are available, is there an interaction between them, and if so, what?

The basis for the protection in the Industrial Property Law are the following:

- For both registered and unregistered trademarks: Article 130, item IV and Article 132, item IV.

- For registered trademarks: Article 195, item III, of the Industrial Property Law and Article 124, item XIX.

- For unregistered trademarks: Article 124, item XXIII, (if the trademark is registered in Brazil, item XIX will be applied).

The Code of Consumer Protection also constitutes basis for protection. There is no direct interaction between this Code and the Industrial Property Law, reason by which their provisions can be used together (one complementing the other) or on an isolated basis depending on the situation (protection of consumers or competitors in the market).

4)	What are the elements of any available cause of action, e.g. the requirement for the trademark to be registered, reputation in the trademark, establishment of a link or association with the trademark, bad faith, change in the economic behaviour of consumers, actual advantage, potential future advantage? How are they proven?

There is no requirement for the trademark to be registered. Although trademark protection in Brazil is obtained through a valid registration granted by the National Industrial Property Institute - INPI (Article 129 of the Industrial Property Law), the same Industrial Property Law provides an extended protection to unregistered trademarks (Article 130) in certain situations. I.e. Article 124, item XXIII, of the Industrial Property Law protects a trademark registered abroad but not in Brazil if this trademark achieved notoriety (or reputation) in a given branch of activity, as further explained below.

The reputation of the trademark plays an important role, although it is not expressly required. While the level of reputation may vary, it is important that the trademark enjoys at least a minimum level of it (for example, to be known within a limited geographical area or before a portion of the consumers). In addition, reputation is important in cases of parody or humoristic reference to a third party's trademark. The harm to the reputation is not necessary to characterize parasitic competition, as the simple unjust enrichment obtained with the association of a third party's trademark is *per se* forbidden in Brazil. Of course, situations where the harm to the reputation is clear are much easier to defend in court, as opposed to situations where the damage suffered by the trademark holder is not so evident.

With regard to the **establishment of a link or association with the trademark**, both the INPI and Brazilian courts usually take into consideration the similarity between the trademarks and the affinity between the goods/services to recognize unfair competition. In cases of highly renowned marks, which are automatically protected in all fields of activity, it is not necessary to prove affinity between the goods/services. On the other hand, parasitism does not require such similarity or affinity. Parasitism occurs when a party intentionally or not tries to obtain economic advantage of a third party's mark, regardless the proximity of the products/services involved.

As to **bad faith**, there is no requirement in this sense. The parasitic competition may take place in cases where a third party has intentionally or non-intentionally reproduced/imitated/used/made reference to the genuine trademark.

Change in the economic behavior of consumers is not a requirement. The mere possibility of such change may characterize unfair competition or parasitic competition.

Actual advantage is a controversial topic in Brazil. Some precedents indicate that the trademark owner must prove actual damage, whereas other court decisions state that evidence of actual damage is not necessary but rather presumed. There are precedents adopting both understandings.

Potential future advantage is not a requirement either. The same comments above apply.

With regard to **proof**, in Brazil, all means of proof are accepted, such as certificate of trademark registration, market surveys, witnesses, affidavits, catalogues affinity, etc.

It is important to clarify that parasitic competition claims must be brought before the Judiciary and cannot be subject to administrative proceedings at the INPI. The INPI simply refuses to analyze claims of this nature.

5) Further to question 4):

a) what degree of reputation, if any, in the trademark is required?

The degree of reputation will depend on the circumstances where the parasitic competition takes place. This degree may vary, but a minimum level or reputation is required (for example, the mark should enjoy reputation at least within a certain geographical area or before a certain number of consumers).

b) who bears the burden of proof regarding the requirements?

According to Brazilian law, the party who presents a claim (either as plaintiff or respondent) has the burden of proof. Only in consumer claims the burden of proof can be shifted if the judge understands that the consumer is in a less favorable position to produce evidence.

c) must the use at issue cause confusion?

yes

If so, what degree of confusion is required, e.g. actual confusion, a likelihood of confusion and/or initial interest confusion (i.e. initial confusion which has been resolved at the time of purchase)?:

The use at issue must cause at least likelihood of association or confusion with regard to the goods/services. There are no standards established by Brazilian courts in this regard. The analysis is performed purely in a case by case basis.

It is worth mentioning that the Trademark Guidelines issued by the INPI in October 2014 contain a specific topic relating to the examination of market affinity (item 5.11.2). It is stated that:

Market affinity results from the similarity between goods and services, which, although of different species, bear close relationship in view of their gender, their purposes, their destination or of new technologies.

Despite the suggestion of a bigger distance rather than the idea of resemblance, the market affinity justifies the conflict, in a way that the relationship between the products and services can result in an undue association regarding the origin of the products.

In order to identify the market affinity between products and services, it will be cumulatively observed: a) Characteristics of the products and services: technology employed, specific nature of the service and market behaviour. b) Degree of specialisation of the target-market: level of knowledge that the common consumer of a given product and/or service has about such product and/or service and about the market segment in question. c) Importance of the trademark on the technique of selling a product or providing a service: the position of the trademark in the individualisation of the product (trademark as the main element of individualisation x trademark and technical data as elements of individualisation).

d) can the protection be invoked in case of both similar and dissimilar goods/services?

yes

Please comment:

The parasitic competition characterizes in cases of dissimilar goods/services, where the infringer tries to create an association with the original trademark. In situations where the goods/services are similar the tendency is to claim trademark infringement and/or unfair competition.

e) are there any other factors, even if not a separate requirement, that may be relevant, and if so, what are they?

No.

6) Are there any defences against and/or limitations to the protection?

yes

If so, what are they, and what are the elements of such defences/limitations?:

The defenses against or limitations to the protection are:

a. the right of precedence (Article 129, Paragraph 1, of the Industrial Property Law). It is necessary to prove that the mark has been used in Brazil, in good faith, for at least 6 months before the “genuine” mark.

b. Comparative advertising: the original trademark can be mentioned in advertisements related to other products, but the comparison must be objective, fair and cannot cause harm to the original trademark reputation It is worth mentioning that the comparison cannot be performed between products of different prices and aimed to different markets, as this is considered an unjust mean to leverage on a third party's trademark.
c. Fair use: the Industrial Property Law allows that a trademark is used by the manufacturer of accessories, so that the consumer may understand to which product the accessory is to be used. Such reference can be done, but not in a way that causes confusion as to the true origin of the accessory. In some situations, the trademark is reproduced in a way that leads the consumer into mistake, as he believes that the product is original and not merely compatible. Another possible situation of fair use is the reference to trademark in speeches, literally or scientific works, as long as the use have not commercial purposes.

7)	Who bears the burden of proof in relation to any defences and/or limitations? In this context, please also consider the relationship with the element of "unfairness". For example, is it a defence that the use is with "due cause" (see paragraph 31 of the introduction) above and footnote 2) of the introduction? If so, can such use ever be "unfair"? Or is this just a matter of a shifted burden of proof?

The party who presents an argument of defense/limitation has the burden of proof that his behavior is not unfair and cannot be interpreted as parasitic competition. In the same way, the party who presents a defense based on prior use must evidence that it has been using the trademark for at least six months prior to the date of filing of the genuine trademark.

"Due cause" can certainly be a defence in this scenario. The most common situations relate to trademarks used by manufacturers of accessories for original products, as well as trademarks mentioned in speeches, literary and scientific works. As mentioned above, such "due causes" are protected by law and thus cannot be deemed unfair.

8)	If a defence exists or only limited protection is available, what rights does that give the free rider? For example, may the free rider simply use the trademark or may the third party obtain a separate trademark registration in respect of the goods and/or services in respect of which the free rider is using the trademark?

If a defence exists and is deemed pertinent (such as indicated in responses 6 and 7 above) the supposed free rider would be entitled to use the trademark in connection with his business activity. He could also obtain a registration if the INPI considers that there is no risk of confusion or association with the third party's trademark. On the other hand, the third party (which is the owner of the supposedly infringed trademark) would not be automatically entitled to use his own trademark or obtain a registration for it. The aspects analysed below should be taken into account.

Firstly, in Brazil one can only obtain a trademark registration to cover products or services that are related to its business activity. Therefore, if the third party's business activity does not comprise the products or services covered by the free rider's trademark, said third party could not obtain a registration for those products or services.

Secondly, if the alleged free rider's defence is accepted, it means that there is no possibility of undue association between its trademark and the third party's trademark. Therefore, the third party could not be rejected due to free rider's prior use or registration.

9)	Can the protection be invoked in:

a) court in civil proceedings;

yes

Please comment:

The protection against a free rider could be invoked in:

a. Court in civil proceedings;

b. Court in other proceedings, especially criminal proceedings,

c. Administrative proceedings such as those before the Brazilian Advertising Self-Regulation Council – CONAR and Administrative Council for Economic Defence – CADE among others. Although these administrative entities would not rule specifically on the free riding conduct, they could take into consideration this argument when ruling the subject of their competence.

Although free riding could be invoked in opposition or other administrative proceedings before the National Industrial Property Institute-INPI, it would not be subject of decision by the INPI, as according to its technical report PARECER/INPI/PROC/DIRAD/No. 20/2008 any kind of unfair competition (general term which comprises free riding in Brazil) must be ruled by the Judiciary.

b) court in other proceedings;

yes

if so what other proceedings (e.g. criminal proceedings):

c) opposition proceedings;

yes

Please comment:

d) any other?

no

Please comment:

10) If the protection can be invoked in multiple proceedings, are there different requirements for different proceedings? If so, please state the requirements.

- Courts (civil proceedings): It is necessary to evidence that the trademark has a certain degree of reputation (see answer to question 5): (i) if both parties are competitors and the third party has a registered trademark which is being infringed, the requirements to invoke protection are pieces of evidence of the imitation, that both companies act in the same field of activity, confusion or diversion of consumers (sections 124, 189, 190 and 195 of the Industrial Property Law); (ii) in case both parties are competitors and the third party does not hold a registration for the infringed mark in Brazil, requirements to invoke protection are: evidence that its trademark is well-known in its field of activity (section 6 bis (1) of the Paris Convention; sections 124, XXIII, 126 and 129 of Industrial Property Law), it is also recommended that the third party files a trademark application; and (iii) in case the parties are not competitors, it is necessary to present pieces of evidence that the infringer obtained benefits derived from the practice of parasitism or free riding and caused harm to the prestige or reputation of the third party's trademark (sections 884 to 886 of Brazilian Civil Code), or that its own trademark has a high reputed status - declared by the INPI through a specific proceeding (section 125 of Industrial Property Law).

- Administrative proceedings – Although the INPI has limited competence to decide based on this subject

(see question 4), it is possible to invoke protection against parasitism or free riding in an opposition or administrative nullity proceeding, upon the following requirements: (i) if the trademarks are being used to distinguish similar goods/services and the third party has a previous trademark application/registration, it is necessary to demonstrate that the coexistence of these marks can cause confusion or diversion of customers (section 124, XIX, of Industrial Property Law); (ii) if the marks are being used to distinguish similar goods/services and third party does not have a trademark application/registration, the third party has to demonstrate that its trademark is well-known in its field of activity (section 6 bis (1) of the Paris Convention; section 126 of Industrial Property Law) or that it has been using its trademark for at least 6 months prior to the filing of the infringer's trademark (section 129, § 1º of Industrial Property Law); it is also recommended to file a trademark application - in this case the third party will be given preferential right in the analysis of its application (section 129, § 1º of Industrial Property Law); (iii) in case the parties are not competitors, parasitism or free riding may be invoked only if the third party's trademark has a highly reputed status - declared by the INPI through a specific proceeding (section 125 of Industrial Property Law); (iv) in case both parties are not competitors and the third party owns no trademark application/registration, parasitism or free riding cannot be invoked.

II Policy considerations and proposals for improvements of the current law

11) Should there be protection against:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

yes

Why?:

b) use that is similar but outside the scope of the definition in these Working Guidelines?

yes

Why?:

Yes, protection against parasitism or free riding should be expressly supported by Law not only as defined in these Working Guidelines but also in other situations in which there is damage to the trademark and/or to its owner. The unfair advantage obtained by the use of a third party work or investment is contrary to the free trade practices and could be discouraged by measures that not only forbid but also penalize these practices. Some challenging issues regarding this protection, however, may involve the definition of what constitutes unfair advantage (in the form of parasitism or free riding) and the limits of such protection.

Aside from the situations described in these Working Guidelines, we understand that dilution should be subject of specific legislation, as the Brazilian Law is not clear in this regard.

12) Is the basis for protection or the cause of action relevant?

yes

Why?:

The cause of action for free riding or parasitism is important and useful for:

a) Defenses: the right of precedence (Article 129, Paragraph 1, of the Industrial Property Law). It is necessary to prove that the mark has been used in Brazil, in good faith, for at least 6 months prior to the “genuine” trademark;

b) Limitation for the protection: Article 132, items II and IV, of the Industrial Property Law, transcribed in

the answer to question 1.

13) Should it be possible to invoke the protection in all types of proceedings mentioned above under 9) above?

yes

Why?:

It should be possible to invoke this protection is all types of proceedings, as the Brazilian Federal Constitution affords to the accused party the right to use all possible means of defence to evidence compliance with the Law ("*princípio da ampla defesa*"). As a result, any proceeding that limits the scope of defense should be deemed non-compliant with Brazilian Law.

Such comments apply specifically to the INPI, which currently refuses to analyze parasitism and free riding in administrative proceedings. Our understanding is that this conduct should be reviewed for two main reasons, besides the constitutional right pointed out above. The first is that the INPI is the Federal Agency in charge of granting IP rights, so it has a natural legitimacy to analyse and decide this kind of situation. The second is that the lack of administrative decisions on this issue causes an undue and unnecessary duplication of proceedings, as the harmed party needs to file a suit to enforce its rights.

14) How can your current law as it applies to the taking of unfair advantage of trademarks and/or the interpretation thereof (in particular, in case law) be improved?

It could set specific requirements and parameters for such situations, such as those depicted on questions 4 and 5.

III Proposals for harmonisation

15) Is harmonisation in this area desirable?

yes

Please comment:

Yes, as the lack of harmonization leads judges and courts to have different understandings about the subject matter. In a civil law country like Brazil, where court precedents are not binding, the law should be clear in order to avoid conflicting interpretations.

If yes, please respond to the following questions without regard to your national or regional laws. Even if no, please address the following questions to the extent you consider your national or regional laws could be improved.

16) If your answer to question 11) is no in respect of a. and/or b., is it your view that no such protection should be available anywhere?

Not Applicable.

17) Should there be harmonisation of the definition of:

a) the taking of unfair advantage of trademarks as defined in these Working Guidelines; and/or

yes

If so, please provide any definition you consider to be appropriate.:

Yes. Please see 15) above.

b) use that you consider similar but outside the scope of the definition in these Working Guidelines?

yes

If so, please provide any definition you consider to be appropriate.:

Yes, there should be a legislation related to dilution.

18) What should the basis for protection/cause(s) of action be?

As already commented in the responses to questions 1-5, in Brazil there are standards that allow the defense against parasitism and free riding of certain trademarks as well as a large doctrine that shows the elements that enable the identification of such violations as well as the possible solutions, for instance, stopping such violations and/or determining indemnity.

In this regard it is important to emphasize that is not essential to demonstrate that the infringed trademark is registered or that the free rider has obtained a real advantage out of its parasitical behavior. It is sufficient to demonstrate the prior existence and use of the trademark, its reputation in its branch of activity and what advantage or potential advantage the free rider is obtaining/may obtain from the violation.

The essential element in this case would be the possibility of association between the free rider's trademark and the third party's trademark, unlike unfair competition, which is characterized by the intent to cause confusion and diversion of clientele.

19) What should the requirements for protection be? In your answer, please address at least the following, in addition to any other relevant factors: what level of reputation, if any, in the trademark should be required, and who should bear the burden of proof?

The Brazilian Industrial Property Law states that the property of a trademark is acquired by a valid registration. Thus, as a rule, legal protection would be afforded only to registered trademarks, with the exception of well-known trademarks in their field of activity, which enjoy special protection, irrespective of its previous registration or filing in Brazil.

On the other hand, the Brazilian Industrial Property Law also establishes that the applicant for a trademark has the right to care for its reputation and property integrity.

Besides this fact, in order to protect the trademark used by a free rider, the mere demonstration that the reputation or property integrity of the trademark is being threatened is enough. It is also recommended to file a request to register the trademark in case of a non-well-trademark and used on a commercial basis.

A certain level of reputation of the trademark is also a requirement for protection. A high degree of reputation is not necessary, but the trademark must have an attractive force, so that the free rider would benefit from the power of attraction, reputation, prestige of the trademark and also from the trademark owner's efforts and investment to develop such prestige and reputation. Highly reputed trademarks obviously enjoy greater protection against parasitism.

Likelihood of confusion is not a requirement to characterize parasitism. A simple connection between the free rider's and the third party's mark can be harmful to such third party. Therefore, protection

should be granted to the genuine trademark even when the free rider is using its trademark for dissimilar goods or services.

In short, the requirements to enforce protection against parasitism should be the following:

(i) filing and commercial use of the trademark that is being infringed by the free rider. It is not necessary that the trademark is registered in the country where the infringement occurs. In case of a well-known trademark, filing of the trademark in the jurisdiction where protection is sought is not required;

(i) a certain level of reputation of the trademark at issue. It is not necessary a high degree of reputation, but the trademark shall have an attractive force, so that the free rider would benefit from the power of attraction, reputation, prestige of the trademark; and

(iii) a connection between the trademark used by the free rider and the genuine trademark.

These elements shall be demonstrated, in principle, by the owner of the trademark that seeks the protection against free riding.

The free rider, on the other hand, shall justify the use of the trademark and prove that such use is fair.

20)	What defences against and/or limitations to the protection should be available? Please state the proposed requirements for any defence/limitation, and the effect of any defence/limitation.

The Protection against free riding is not absolute.

In Brazil, the copy of technical and functional aspects, when such aspects are not protected by any kind of exclusive rights, is not illegal. Rather, the Law allows copy of technical or functional elements not protected by exclusive rights. This is one of the essential requirements for economic competition.

Hence, there are situations in which the copy is justified or defensible. As follows:

1) Justification of use / fair use:

Fair use is an exemption to the exclusivity of distribution, use and creation of derivative works granted to the owner of exclusive rights. Fair use must take into account several aspects, including the amount of work spent, the purpose of the use, the entity using the work and how it impacts the owner's rights.

The use can be considered "fair" when the third party has a good reason for it.

The following examples of use have been declared fair by courts or by the law:

The limitations described in article 132 of Brazilian Industrial Property Law:

a) Tradesmen or distributors can their use distinctive signs, together with the mark of the product for its promotion and commercialization;

b) Manufacturers of accessories can use the mark to indicate the use of the product, provided that they obey fair competition practices;

c) The title holder cannot prevent the free circulation of products placed on the internal market by title holder with his consent; and

d) The title holder cannot prevent the mention of the mark in speeches, scientific or literary works or in any other type of publication, provided that it is without any commercial connotation and without prejudice to the distinctive character of the mark.

2) Necessary imitation

There is a necessary imitation when copying something indispensable for increasing efficiency or economy for the benefit of the public.

3) When the imitated mark does not enjoy a certain degree of reputation, which would justify a competitor's intent to take unfair advantage of the mark, or when the imitation is not detrimental to the distinctive character or the reputation of the (registered) mark

4) When there is no risk of confusion or association in the consumers minds and the act may not lead to impairment of competitor’s interests.

21) Who should bear the burden of proof in respect of any defences and/or limitations?

In intellectual property disputes, each party bears the burden to prove the claims and facts it alleges and brings to court.

22) In what type(s) of proceedings should it be possible to invoke the protection?

Besides judicial proceedings, it should be possible to present this claim before the National Institute of Industrial Property-INPI, which currently refuses to analyse this kind of argument. The INPI should analyse this in:

1) Oppositions; and

2) Administrative Nullity Actions

Summary

Please comment on any additional issues concerning the taking advantage of trademarks in the sense of parasitism and free riding you consider relevant to this Working Question.