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Brazil is one step closer to recognising and regulating registration of position marks

## Montaury Pimenta, Machado & Vieira de Mello | Intellectual Property - Brazil

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### Introduction

The National Institute of Industrial Property (INPI) recently carried out a public consultation on the examination of applications for the registration of position marks,<sup>(1)</sup> enabling interested parties to express their opinions on the matter.

The wording proposed by the main IP associations in Latin America is as follows:

*The distinctive set formed by the application of a sign in a specific position on given support, capable of distinguishing products or services, will be registered as a POSITION MARK, to be able to distinguish itself from other identical, similar or alike products or services.*

This means that a certain element in a particular position on a product (known as a "set") could have the necessary characteristics of a distinctive sign and could thus start to be recognised by consumers.

Examples of such sets include:

- the red sole of Louboutin shoes;
- the red label on the back pocket of Levi's pants; and

- the blue label on the part of the heel of Keds sneakers.

Not all elements in a specific position have the required characteristics to be considered position marks. The whole set (ie, the mark and its position) must:

- be sufficiently distinctive;
- be used continuously and/or intensely; and
- not be functional.

### **Registration of position marks**

Many parties have taken advantage of the ability to register marks as design marks, which protect only designs or symbols that identify a certain product or service to the consumer. The judiciary has been enforcing the trademark rights of their holders as if they were position marks, since article 122 of the Industrial Property Law provides that "any visually perceptible distinctive sign, when not prohibited under law, is susceptible of registration as a mark". Therefore, there is no legal prohibition for the registration of position marks. The regulation of such registration by the INPI is thus of major importance.

However, even though some marks that could be considered position marks are being granted registration by the INPI, the lack of specific regulation for position marks unnecessarily lengthens judicial discussions. On various occasions, the judiciary has supported marks against infringers of position marks. On the other hand, many marks that could be considered to be position marks have not been granted registration by the INPI because of the lack of regulation and, in these cases, the consequences can be serious. Third parties can take advantage of such position marks in bad faith under the argument that the INPI itself would have denied their registration. In other words, the lack of regulation leads to unnecessary legal uncertainty for position mark holders.

### **Improvement of position mark regulation**

To avoid financial loss for those legitimately interested in the protection of position marks, it is extremely important to improve the trademark system, in line with global trends in this regard.

The public consultation aimed to collect the opinions of specialists and those interested in the subject so that clear rules can be created to officially regulate the matter in Brazil and the Brazilian trademark

system can thus be modernised.

### **Secondary meanings**

An important question remains: is it possible to regulate the registration of position marks without at the same time regulating the institute of "secondary meaning" (ie, acquired distinctiveness)? A secondary meaning occurs when an initially generic or commonly used denomination or sign acquires distinctiveness due to its continued and intense use for a certain product or service (eg, American Airlines, *Banco do Brasil* (Bank of Brazil) or *Casa do Pão de Queijo* (House of Cheese Bread, a Brazilian fast-food chain)), thus making it immediately identifiable to consumers.

Because the distinctiveness required for position marks can be intrinsically associated with their continued use in a specific position and because the possibilities for positioning a mark are limited, position marks most often acquire the characteristics of a secondary meaning. For this reason, it would be ideal for these matters to be dealt with together.

### **Comment**

Following the public consultation, it is hoped that there will shortly be another effective means of protecting marks in Brazil.

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### **Endnotes**

(1) Public consultation 01/2021.