

## THE BASIS OF THE PROPERTY RIGHT IN TRADE-MARKS IN BRAZIL.

All countries do not recognize a property right in trade-marks to the same extent or in the same manner. The differences to be noted in the law are more fundamental than mere variations in the administrative regulations relating to registration. They concern the very existence of the property right itself.

Trade-mark legislation shows the existence of three systems of law, differing in their conceptions of the origin of the property right in the trade-mark. These systems are:

1. That of the United States, where the property right is acquired by use. Under the Federal Act of February 20, 1905,<sup>1</sup> use is a pre-requisite to registration.<sup>2</sup> The question of the ownership of a trade-mark is left where it was prior to registration, except that the certificate of registration is regarded as *prima facie* evidence of title.<sup>3</sup> The common law recognizes the property right, which is merely strengthened by special trade-mark legislation. Under this system registration is said to be *declarative* of ownership.

2. That of countries like the Argentine Republic where no right is recognized in a trade-mark until it has been registered.<sup>4</sup> There the property right does not arise out of use but out of an administrative act. The property right is a creation of the special statutes governing trade-marks, which, unlike the legislation of the United States, are not supplementary to the common law, but a substitute for it. Under this system registration is said to be *attributive* of ownership.

3. That of countries like Great Britain, which has combined the two systems. Registration is *declarative* during a preliminary period and *attributive* thereafter. The period during which registration remains declarative is a prescriptive term barring the

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<sup>1</sup> 33 St. L. 724.

<sup>2</sup> *Id.*, §1.

<sup>3</sup> *Id.*, §16.

<sup>4</sup> Law No. 3975, of November 23, 1900, Art. 6.

prior user who has not registered his mark from bringing the proper action to cancel the registration of the infringing mark. Once the preliminary period has elapsed the trade-mark statute acts as a statute of limitations; registration becomes conclusive of the registrant's title.<sup>5</sup>

Alongside these systems of trade-mark legislation sanctioning the exclusive use of a pure or statutory trade-mark exists a uniform principle of protection, afforded by the common law, of those names, devices, *indicia* and "get ups" of which an exclusive use is, by their very nature, impossible, because when employed by more than one person they may still be equally truthful as an indication of origin. Such names, devices, *etc.*, are, (1) trade names, that is the name under which a commercial house trades; with these are assimilated geographical names; and, (2) those devices and *indicia, etc.*, which are neither statutory trade-marks nor yet trade-names, but which, nevertheless, come by use to represent the good-will of a particular trader. The common law protection of the last two classes of marks is based upon the principles of unfair competition or "passing off", as it is called in England, and is independent of registration.<sup>5a</sup>

How are trade-marks recognized and protected under Brazilian law? Is registration declarative or attributive of ownership; or has Brazil adopted a compromise system?

The fundamental law of trade-marks in Brazil is the Law of September 24, 1904, No. 1236.<sup>6</sup> The Law was followed by

<sup>5</sup> Trade-Marks Act, August 11, 1905, 5 Edw. VII, Chap. 15, Art. 41; Kerly on Trade-Marks (London, 1913, 4th Ed.), pp. 363 to 370.

<sup>5a</sup> Hopkins, The Law of Trademarks, Tradenames and Unfair Competition (Chicago, 1905, 2nd Ed.), §19; Kerly, *ibid.*, pp. 13-14, 527-614. Unfair competition under Portuguese and Brazilian law is called *concorrência desleal*. It is based upon the fundamental principle that a wrongdoer is bound to indemnify the person whom he injures: Cf. Augusto Teixeira de Freitas, "Consolidação das Leis Civis" (Rio de Janeiro, 1896, 3rd Ed.) Arts. 798-810; Carlos Augusto de Carvalho, "Nova Consolidação das Leis Civis" (Rio de Janeiro, 1899), Art. 1014. The doctrine of unfair competition under the Civil Law may be more conveniently consulted by reference to the French Civil Code, Art. 1382, and more particularly: Dalloz, "Répertoire," Vol. 27, under title "Industrie et Commerce," §§376-380; and *Id.* "Supplément," Vol. 9, *ib.* §§503-528.

<sup>6</sup> An English translation of this law was published in the "Bulletin of the International Bureau of American Republics", February, 1905, p. 230. It was reprinted in the "Patent and Trade-Mark Review", Vol. 3, p. 1143 (1905). A

Regulations issued by the Ministry of Industry, Ways and Public Works, approved by the Decree of January 10, 1905, No. 5424.<sup>7</sup> Let us examine these and the prior acts, as also the common law of the country, in order to determine the basis of the property right in trade-marks.<sup>7a</sup>

The fundamental principle of the protection of trade-marks is contained in Article Three of the Law of September 24, 1904, No. 1236:<sup>8</sup>

Article 3. For protection to be afforded the exclusive use of the said marks (trade-marks) they must be recorded, deposited and published in accordance with the provisions of this Act.

This Article is identical with Article Three of the Law of October 14, 1887, No. 3346,<sup>9</sup> while Article Two of the Decree of October 23, 1875, No. 2682,<sup>9a</sup> the first Brazilian statute relating to trade-marks, is in effect the same:

Article 2. No one may, by the action provided by this law, claim the exclusive ownership in a trade-mark without first having recorded in the Commercial Court or Archives where he is domiciled, a fac-simile of the trade-mark, and having published the fact of registration in the journals containing official notices.<sup>10</sup>

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careful French translation is to be found in "L'Annuaire de Législation Etrangère" (1906), Vol. 35, p. 728.

<sup>7</sup> The author knows of no English translation of these "Regulations."

<sup>7a</sup> American Trade-marks in Brazil are given the same protection as Brazilian trade-marks upon compliance with the laws of that country. Relations of reciprocity regarding trademarks exist between the two countries by the Agreement of September 24, 1878. The International Convention of Paris of May 20, 1883, and its subsequent modifications have also been adopted by the two countries. Lastly, the Constitution of Brazil, Art. 72, extends to foreign residents there the protection of Brazilian law. A translation of the Brazilian Constitution will be found in "American Constitutions" (Gov. Printing Office, 1906), Vol. I, p. 134, edited by the "International Bureau of the American Republics."

<sup>8</sup> Art. 3. Para que seja garantido o uso exclusivo das ditas marcas, são indispensáveis o seu registro, depósito e publicidade nos termos desta lei.

The translations used throughout the article are by the writer.

<sup>9</sup> A translation of the Law of 1887 and its "Regulations" will be found in "Patent and Trade-Mark Laws of the Spanish-American Republics, Brazil, and the Republic of Haiti" (Gov. Printing Office, 1904), p. 292, *et seq.*, published by the International Bureau of the American Republics.

<sup>9a</sup> The writer knows of no English translation of the Law of 1875; a French translation will be found in "L'Annuaire de Législation Etrangère" (1876), Vol. 5, p. 890.

<sup>10</sup> Art. 2. Ninguém poderá reivindicar, por meio da acção desta lei, a propriedade exclusiva da marca, sem que previamente tenha registrado no

The law, then, since the first legislation on the subject, has recognized that the right to the exclusive use of a trade-mark resides only in the party who has performed, with respect to his mark, a series of administrative acts called as a whole "Registration" and consisting of three operations: (1) recording, (2) depositing, *i. e.*, filing a fac-simile of the mark, and (3) publishing the mark.<sup>11</sup> This rule applies only to what may be called technical trade-marks, that is trade-marks as defined by the statutes governing them and of which an exclusive use is obtainable. Trade-names are not included within the rule. The early law of 1875 did not mention trade-names at all; the Law and Regulations of 1887 made provisions regarding them where they formed part of a registered trade-mark;<sup>12</sup> similar provisions are found in the present Act of 1904 and its Regulations.

The effect of the Articles relating to trade-names contained in the trade-mark laws is to exempt trade-names from registration though affording them in other respects the same protection as is given to trade-marks. This does not really mean that a right of exclusive use belongs to the first user of a trade-name. Strictly speaking, there can be no exclusive right to a trade-name. This stands out in the clear differentiation of trade-marks and trade-names in the laws and regulations relating to trade-marks in Brazil. In excepting trade-names from the necessity of registration, while awarding them full trade-mark protection, priority of right in them, has been founded on adoption and user. In this, the Brazilian law has not gone beyond the law of unfair trade governing trade-names in the United States. In Brazil, first adoption and use of a trade-name does not, like registration of a pure trade-mark, confer an exclusive right, but only provides the first user of the trade-

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Tribunal ou Conservatoria do Commercio do seu domicilio o modelo da marca e publicado o registro nos jornaes em que se publicarem os actos officiaes.

<sup>11</sup> Registration today is effected either in the Federal Capital of Rio de Janeiro in the Junta Commercial or in any of the States of the Republic in the Junta Commercial or Inspectoria Commercial. If registration is effected in a State the trade-mark has to be deposited in the central office or Junta Commercial of Rio de Janeiro.

<sup>12</sup> A trade-name, when given a distinctive form, may be registered as a trade-mark in Brazil under Art. 2 of the Law of 1904, similarly to the United States Act of 1905, Sec. 5 (b).

name with an action at law to oblige an infringer thereof to modify his trade-name so as to prevent the possibility of deception of the public. This appears from the following Articles of the Law of 1904:

Art. 8. There may not be admitted to registration any mark containing or consisting of:

2. A commercial or firm name which the applicant may not lawfully use.

3. The name of a particular locality or industrial establishment when such name is not that of the origin of the goods, and though the said indication is used in conjunction with a fictitious name or another's name.<sup>13</sup>

Art. 9. The following rules shall be observed in registration:

4. From the decision refusing registration<sup>14</sup> an appeal may be taken

ii. By the owner in the cases provided for by Article 8, §§ 2 and 3.<sup>15</sup>

Art. 10. Neither failure to appeal nor a refusal of the appeal shall destroy the right of a party, in the cases provided for by the preceding article, to commence an action:

1. To cancel registration made contrary to Article 8.

2. To oblige a competitor who has a right to the same or similar name to modify it so that error or confusion will be impossible.

This last action belongs only to the party who proves prior possession of the mark or name for commercial or industrial purposes.<sup>16</sup>

<sup>13</sup> Art. 8. E' prohibido o registro de marca que contiver ou consistir em:

- I. . . . .
2. nome comercial ou firma social de que legitimamente não possa usar o requerente;
3. indicação de localidade determinada ou estabelecimento que não seja da proveniencia do objecto, quer a esta indicação esteja junto um nome supposto ou alheio, quer não; . . . . .

<sup>14</sup> This is understood to include "or admitting"; cf. "Regulations" of 1904, Art. 31; Almeida Nogueira e Fischer Junior, "Marcas Industriales e Nome Commercial" (São Paulo, 1910), Vol. I, p. 339, *et seq.*

<sup>15</sup> Art. 9. No registro observar-se-á o seguinte:

4. do despacho que negar o registro haverá agravo, no Districto Federal . . . . .

II. O interessado nos casos do art. 8, ns. 2 e 3.

<sup>16</sup> Art. 10. Nem a falta de interposição do recurso nem o seu indeferi-

Article Thirty-seven of the Regulations corresponding to Article Ten, Section Two of the Law provides:

This action lies although the plaintiff has not registered his name or firm name.

Again we find in the Law of 1904:

Art. 13. Punishment of imprisonment from six months to one year and a fine payable to the Nation of from 500 to 5000 milreis shall be inflicted upon the party who:

9. Uses a commercial or firm name which does not belong to him whether or not it forms part of a registered mark. . . .<sup>17</sup>

The decree of October 24, 1890, No. 916 created a special system of registration for trade-names; but under it registration remains optional.<sup>19</sup>

From these texts it is seen that trade-marks and trade-names have been carefully distinguished. The exclusive enjoyment of a trade-mark hangs upon registration; indeed, it is a creation of the trade-mark statutes of the country. Trade-names are protected without registration, (1) by the common law, *i. e.* the fundamental civil law of the land, (2) by the extension of the trade-mark acts to them as regards remedies. The basis of the protection of trade-names is not really that of a property right but of unfair competition. It was said in a case heard by a Brazilian Federal Court:

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mento dirime o direito que a outrem assista, na forma do artigo antecedente, de proper acção:

1. para ser declarada a nullidade do registro feito contra o que determina o art. 8;
2. para obrigar o concorrente que tenha direito a nome identico ou semelhante a modificall—o por forma que seja impossivel erro ou confusão. . . .

<sup>17</sup> Art. 37. . . .  
Paragrapho unico. Esta acção tem lugar, ainda que o autor não tenha registrado o nome ou firma, . . .

<sup>18</sup> Art. 13. Será punido com as penas de prisão de seis mezas a um anno e multa a favor do Estado, de 500\$ a 5:000\$, aquelle que: . . .  
9. usar de nome ou firma commercial que lhe não perteneça, façã ou não faça parte de marca registrada. . . .

<sup>19</sup> Art. 11.

"A violation of a trade-mark is an invasion of the right of property, whereas a usurpation of a trade-name is a more serious offence constituting a direct attack upon one's individuality; . . ." <sup>20</sup>

In the trade-mark laws of some other Republics of South America it is declared that the commercial or firm name, *i. e.* the trade-name, of itself without registration, constitutes a property right.<sup>21</sup> This seems excessive. Such a declaration results, no doubt, from requiring registration of trade-marks as a condition of their protection. But protection of trade-names had long been accorded independently of special statutes relating to industrial property. As regards registration they seem, therefore, to form an exception to the rule controlling trade-marks and it was not unreasonable to ascribe to unregistered trade-names the same property right attributed to registered trade-marks. Our Courts have recognized the distinction in the basis of protection afforded each by founding trade-name remedies on fraud. The Brazilian court made the distinction when it declared that the usurpation of a trade-mark was an attack on property, whereas the usurpation of a trade-name was an attack on personality.

What is the basis of the property right in the statutory trade-mark in Brazil? It has already been shown that protection to the exclusive use of a trade-mark is limited by Article Three of the Law of 1904, to registered marks. The rule is fortified by Articles Thirty-eight and Twenty-one of the Regulations of 1904:

Art. 38. Actions arising out of the cases provided for in Article 21, §§ 5 and 6 of this Regulation, may not be brought without production of the certificate of registration and publication. . . .<sup>22</sup>

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<sup>20</sup> Federal District Court of São Paulo, May 27, 1903, in the case of *Società Italiana di Esportazione Enrico Dell' Acqua vs. Régoli, Crespi & Ca.*

<sup>21</sup> Argentine Republic, Law 3975, of November 23, 1900, Art. 42; Peru, Law of December 19, 1892, Art. 17; Uruguay, Law of July 17, 1909, Art. 28.

<sup>22</sup> Art. 38. As acções referentes aos factos previstos no Art. 21, ns. 5 e 6, deste Regulamento não podem ser intentadas sem exhibição de certidão de registro e da sua publicação, . . .

Art. 21. There may not be admitted to registration any marks consisting of:

5. A reproduction of another mark *already registered*<sup>23</sup> and for use on objects of the same class.

6. A total or partial imitation of a mark *already registered*<sup>23</sup> for use upon products of the same kind, and which might lead the purchaser into error or confusion.

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The actions spoken of are two, which were created by the trade-mark statutes and which have no place under a common law system of trade-marks. They are:

a. An appeal from the registration of a trade-mark by any one who has been injured thereby with respect to his registered trade-mark. Article Thirty-one of the Regulation of 1904 provides that:

From the decision admitting or refusing registration of a trade-mark appeal may be taken . . . by:

1. Whoever considers himself injured with respect to his registered trade-mark. . . .<sup>25</sup>

b. An action to cancel the registration of a trade-mark. This is provided for by Article Thirty-six of the Regulations of 1904 and Article Ten, Section One of the Law of that year:

Art. 36. Besides an appeal, the parties mentioned in Article 31, in the cases therein respectively provided, shall have an action to cancel registration.<sup>26</sup>

<sup>23</sup> Italics are the author's.

<sup>24</sup> Art. 21. Não podem ser admittidas a registro as marcas que contiverem em: . . .

5. reprodução de outra marca ja registrada para objecto de mesma especie;

6. imitação total ou parcial de marca ja registrada para producto da mesma especie que possa induzir em erro ou confusão o comprador, . . .

<sup>25</sup> Art. 31. Do despacho que admitir ou negar registro de marca de industria e de commercio, poderá interpor agravo, . . .

1. quem por elle julgar-se prejudicado em marca registrada; . . .

<sup>26</sup> Art. 36. Além do agravo, poderão intentar acção de nullidade do registro as pessoas mencionadas no art. 31 e nos casos respectivamente ahí previstos.

By reference to Article Thirty-one, we see that the remedy is limited to the injured registered owner of a trade-mark.

The first action, namely the appeal from registration, corresponds to the "opposition" provided for by Section Six of the American Act of 1905. In both countries it is an instrument created by the trade-mark law to keep the registry clear of names which are not lawfully there. But it is important to note that where the Brazilian Act says: "Whoever considers himself injured with respect to his *registered* trade-mark," the American Act declares that: "*Any person* who believes he will be damaged by the registration of a mark may oppose the same. . . ."

The second action, that of cancellation, finds a corresponding procedure in Section Thirteen of the American Act. And here again must be noted the significant difference in the wording of the two acts. In Brazil this action is limited to a party "injured with respect to his *registered* trade-mark," while the American Act declares: "That whenever *any person* shall deem himself injured by the registration of a trade-mark . . . he may apply . . . to cancel the registration thereof."

These actions serve well to contrast the systems of registration in the two countries. The Brazilian action is interested in keeping the record clear of duplicate registrations since title lies in the first registrant, whereas the American system aims to expunge from registry all marks, ownership of which is not founded in fact upon priority of use. In both countries these actions are of an administrative nature.

In Brazil registration is also necessary to found the criminal action provided for in Article Thirteen of the Law of 1904:

Imprisonment of from six months to one year and a fine payable to the Nation of from 500 to 5000 milreis shall be inflicted upon the party who:

1. Uses a genuine trade-mark belonging to another upon objects coming from a different source.
2. Uses another's trade-mark counterfeited in whole or in part.

3. Sells or exposes for sale objects containing another's trade-mark when such objects do not originate from the owner of the mark.

4. Sells or exposes for sale objects containing another's trade-mark counterfeited in whole or in part.

5. Reproduces without the permission of the owner or his lawful representative, by any means, in whole or in part, a trade-mark duly registered and published.

6. Imitates a trade-mark in such a way that it may deceive purchasers.

7. Uses a trade-mark so imitated.

8. Sells or exposes for sale objects containing a trade-mark so imitated.

9. Uses a trade-name which does not belong to him whether or not it forms part of a registered trade-mark.

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Section Five of this Article is the only part which explicitly requires registration of the infringed trade-mark for the founding of the action. But it is accepted that the omission of this requirement in the other parts of the Article arose by accident upon the modification of the Article in 1904 when the Law of 1887 was reformed.<sup>28</sup> And it is certainly inferred from Section Nine of the Article which creates an exception in favor of unregistered trade-names. It also results indubitably from Article Three of the Act of 1904.

Let us examine the Law and Regulation of 1904 with a view to discover whether there are any provisions indicating the recognition of a right in an *unregistered* trade-mark.

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<sup>28</sup> Art. 13. Será punido com as penas de prisão de seis mezes a um anno e multa a favor do Estado, de 500\$ a 5:000\$, aquelle que:

1. usar de marca alheia legitima, em producto de falsa procedencia;
2. usar de marca alheia, falsificada no todo ou em parte;
3. vender ou expuzer a venda objectos revestidos de marca alheia, não sendo taes objectos de proveniencia do dono da marca;
4. vender ou expuzer a venda objectos revestidos de marca alheia, falsificada no todo ou em parte;
5. reproduzir, sem ser com licença do dono ou do seu legitimo representante, por qualquer meio, no todo ou em parte, marca de industria ou de commercio devidamente registrada e publicada;
6. imitar marca de industria ou de commercio, de modo que possa illudir o consumidor;
7. usar de marca assim imitada;
8. vender ou expuzer a venda objectos revestidos de marca imitada;
9. usar de nome ou firma commercial que lhe não perteneca, faça ou não faça parte de marca registrada. . . .

<sup>28</sup> Nogueira e Junior, "Marcas Industriaes, etc.," Part I, §467, et seq.

There are two instances of this. The first is Article Nine of the Law of 1904, which reappears as Article Thirty of the Regulations of the same year:

In registration the following rules shall be observed:

1. Priority as to the day and hour of filing the application establishes the applicant's right of precedence to registration; when applications for the registration of two or more identical or similar trade-marks are made at the same time, that applicant shall be admitted to registration who has used or possessed the trade-mark for the longest period, and, where proof of this is wanting, none shall be registered unless the owners modify them.

2. Where doubt arises over the priority of use or possession of the trade-mark, the *Junta* or *Inspectoria* shall order that the owners decide this issue before the Commercial Court, after which registration shall be admitted in accordance with the judgment of that Court.

3. If trade-marks identical or similar under the terms of Article 8, §§ 5 and 6,<sup>29</sup> have been registered in different *Juntas* or *Inspectorias*, the mark first applied for shall prevail, and in case they were applied for simultaneously, either party may have recourse to the said Commercial Court which shall determine which of the marks shall be recognized in accordance with the rules laid down in § 1 of this Article.<sup>30</sup>

These provisions cover a state of facts where priority of registration cannot settle conflicting rights. If application for the registration of two similar trade-marks is made at the same instant, priority of use becomes the test of right as between

<sup>29</sup> See note 13.

<sup>30</sup> Art. 9. No registro observar-se-á seguinte:

1. a precedencia no dia e hora da apresentação da marca estabelece preferencia para o registro em favor do requerente; na simultaneidade desse acto relativamente a duas ou mais marcas identicas ou semelhantes, será admitida a daquelle que a tiver usado ou possuido por mais tempo, e, na falta deste requisito, nenhuma será registrada sem que os interessados a modifiquem;
2. movendo-se duvida sobre o uso ou posse da marca, determinará a Junta ou Inspectoria que os interessados liquidem a questão perante o juizo commercial, procedendo ao registro na conformidade do julgado;
3. si as marcas identicas ou semelhantes, nos termos do art. 8, ns. 5 e 6, forem registradas em Juntas ou Inspectorias diversas, prevalecerá a de data anterior, e no caso de simultaneidade de registro, qualquer dos interessados poderá recorrer ao mesmo juizo commercial, que decidirá qual deve ser mantida, tendo em visto o mais que está disposto no n. 1 deste artigo; . . .

the claimants. This rule is really no exception to the principle laid down in Article Three, since in the state of facts under discussion, neither claimant is a registered owner and the law may decide that as between unregistered owners of trade-marks priority of use shall give priority of right to register, without disturbing the rule that registration shall be conclusive against an unregistered owner regardless of priority of use.

The second instance where prior use of an unregistered owner is granted recognition is of greater importance. In existing legislation it appears only in the Regulations of 1904, Articles Thirty-eight and Thirty-nine.

Art. 38. The actions referred to in the cases provided for by Article 21, §§ 5 and 6 of these Regulations, may not be commenced without production of the certificate of registration and publication. . . .<sup>31</sup>

Art. 39. The party injured by the appropriation of his mark of which he was the first user, though he did not register it, shall have, nevertheless, the right to demand, by the usual form of action, indemnity for the injury which he has suffered, besides the right to demand, within the period allowed by law, the cancellation of the registered mark by means of a summary action.<sup>32</sup>

Neither of these Articles are found in the Law of 1904, though they figure in the Law of 1887 as Article Twenty-three and in the Regulations of 1887 as Articles Twenty-nine and Thirty-one.

It would seem that Article Thirty-nine gave to the unregistered owner two remedies: (1) indemnity for the appropriation of his mark and (2) an action to cancel registration of the offending mark. Let us examine these.

1: The exclusive right to a trade-mark is secured to the registered owner thereof by Article Three of the Law of 1904. There can be no doubt, therefore, that one may steal another's trade-mark simply by registration.

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<sup>31</sup> Art. 38. See note 22.

<sup>32</sup> Art. 39. Fica salvo ao prejudicado pela apropriação da marca de que anteriormente usasse, sem fazê-la registrar, o direito de pedir, por meio de acção ordinaria, indemnização do damno que houver soffrido, além do de pedir, dentro dos prazos legais, a nullidade do registro, por meio de acção summaria.

In the law of trade-marks exclusive right is really synonymous with the conception of a property right in the trade-mark. In Anglo-American law it is often stated that equity interferes in cases of exclusive use on the ground of a property right and in cases where exclusive use is not obtainable (as for instance in trade-names, and other *indicia* of origin) on the ground of fraud upon the plaintiff by reason of the deception of the public as to the source of the goods. If, then, the exclusive right to the use of a trade-mark in Brazil is obtained by registration, it is equivalent to saying that the property right in a trade-mark is acquired by registration. But an unregistered trade-mark may represent a trader's good will as surely as does a registered trade-mark.<sup>33</sup> Therefore, though the unregistered mark may not be given protection as a trade-mark, the law may yet recognize that the first user has been injured when another appropriates his mark by procuring its registration. The stolen registered mark cannot be disturbed under the principles of Article Three, but the first user of it is indemnified for the injury which the usurpation has done to his good-will.

The common law may here be said to survive the innovations introduced by the trade-mark law which established a system of registration as a condition precedent to trade-mark protection.<sup>34</sup>

2. The last part of Article Thirty-nine of the Regulations of 1904 appears to provide an action by the unregistered first user of a trade-mark to cancel the registration of his mark by another. This part of the Article is an anomaly. Prior laws providing for an action to indemnify an owner dispossessed of his mark by registration by another, do not mention an action

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<sup>33</sup> Art. 9 of the Law of 1904, *supra*.

<sup>34</sup> The provision of Art. 39 of the Regulations does not appear in the Law of 1904. It is to be found, however, in Art. 23 of the Law of 1887, and in Art. 31 of the Regulations of that year; also in Decree 3084, of November 5, 1895, fixing the jurisdiction of the Commercial Courts, Part IV, Chap. I, §VI, Art. 96. The omission of the Article in the Law of 1904 is not conclusive, therefore, of a legislative intent to do away with this common law action. Cf. Nogueira e Junior. *Ibid.*, Part II, §279, *et seq.*; also the case of Luckhaus & Ca. v. Anachoreta & Silveira, in the Second Chamber of the Court of Appeals, Rio de Janeiro, July 31, 1908.

to cancel such a registration.<sup>35</sup> May it not be that this provision has overstepped the powers of a regulatory decree and is therefore unconstitutional?

The reasons for believing that no such action exists in the unregistered owner are:

1. It would utterly destroy the effect of Article Three of the Law of 1904 which makes exclusive use hang upon registration. It would make registration merely declarative of ownership just as in the United States, whereas the unbroken policy of the Brazilian law since 1875 has been to regard registration as attributive of exclusive use.

2. The "jurisprudence" of Brazil is clear on the point that the action to cancel registration is a creation of the trade-marks statutes and lies only in the registered owner.<sup>36</sup>

3. Textbook writers on the law of trade-marks in Brazil have recognized that the action to cancel registration is limited to a registered owner.<sup>37</sup>

It remains to examine one more article of the Law of 1904 with a view to determining the rights of the unregistered owner. On first examination Article Eighteen seems to provide such an owner with a civil action for damages for injury to his trade-mark:

The said penalties do not exempt the wrongdoers from paying the damage caused, which the injured parties may recover by the proper action.<sup>38</sup>

The penalties referred to are those of Articles Thirteen,<sup>39</sup> Fourteen and Fifteen. Those of Articles Fourteen and Fifteen are independent of registration. Their aim is to repress the use of marks containing scandalous matter or such as impair the dignity of the State or individual, or of marks containing untruthful statements. The penalties of Article Thirteen refer to

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<sup>35</sup> Cf. note 34.

<sup>36</sup> Case of *Ed. Pecher & Ca. v. Companhia Industrial do Brazil*, in the Supreme Court of Appeals of the Federal District, March 18, 1895.

<sup>37</sup> *Nogueira e Junior. Ibid.*, Part II, §91, *et seq.*

<sup>38</sup> Art. 18. As referidas penas nao isentam os delinquentes da satisfacao do damno causado, que os prejudicados poderão pedir por açao competente.

<sup>39</sup> See p. 885, and note 27.

infringement and these are limited to the infringement of registered trade-marks.<sup>40</sup>

The intent of Article Eighteen is to perpetuate the civil action in tort for damages, an action which might have been thought to have been replaced by the criminal action. The civil action is based, true, upon the protection given by the common law of torts. But the right that is protected is that acquired by registration. The criminal action, consequently, is not a substitute for the civil action in tort for damages, but an additional remedy created by the trade-mark statutes and quite similar to the criminal provisions of our own State trade-mark Acts.

It is more than doubtful, then, whether Article Eighteen provides for an action for damages by an unregistered owner of a trade-mark against an unregistered infringer.

In the first place, to give it such a meaning would be contrary to Article Three of the Law of 1904 for it would be protecting the exclusive right in the mark independently of registration. The action for damages which lies in the unregistered owner for the wrongful appropriation of his mark through registration is not contrary to Article Three for it leaves the registered owner in undisturbed and exclusive enjoyment of the first user's mark. It recognizes that registration is the badge of ownership, but declares that one who steals another's mark by registration shall indemnify the owner.

In the second place, if Article Eighteen provided a tort action for damages in favor of the unregistered owner, it would have been superfluous to make a similar exception in favor of the unregistered owner in Article Thirty-nine of the Regulations. The Act must be taken as a whole. The intent must have been (1), to give an action to cancel registration only to a registered owner while reserving to the unregistered owner a right to demand indemnity for the theft of his mark by registration by another; (2), to provide an action for damages alongside of, and in the same cases, where a penal action would lie.<sup>41</sup> As the penal provisions against infringement apply only to registered

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<sup>40</sup> See p. 885.

<sup>41</sup> Cf. note 36.

marks (always excepting trade-names) the parallel action for damages for the infringement only lies in cases of registered trade-marks. The wording of Article Eighteen proves this to be so:

The said penalties do not exempt the wrongdoers from paying the damage caused, which the *injured* party may recover by the proper action.

The "said penalties" must refer to those imposed for the infringement of *registered* trade-marks under Article Thirteen of the Law; the "injured party" must be the *registered* owner whose mark has been infringed under the terms of the same Article Thirteen.

In conclusion let me repeat the question raised at the commencement of this discussion: Is registration declarative or attributive of ownership; or has Brazil adopted a compromise system? It would be a presumption on my part to declare it one or the other when Brazilian text-writers themselves disagree.<sup>42</sup>

It can be argued that it is attributive, because

1. No right to exclusive use exists without registration and exclusive use of a trade-mark is synonymous with a property right in it.

2. If a property right exists in the first user before registration and yet another may acquire an indefeasible right to the same mark subsequently by registration, it is a case of lawful confiscation of property by a private person for his own private purpose, and this is inadmissible.

On the other hand it can be argued that it is declarative because

1. If registration creates the property right, registration by another than the first user, could not be a wrongful act since

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<sup>42</sup> Brazilian writers favoring the theory that registration is declarative are: Visconde de Ouro Preto, "Marcas Industriais e Nome Commercial", p. 28; Bento de Faria, "Marcas de Fabrica e de Commercio", p. 102; Nogueira e Junior, *ibid.*, Part I, §87; maintaining that the system is attributive: Didimo da Veiga, "Marcas de Fabrica", p. 2.

before registration there exists no right which it could injure; but the unregistered first user is indemnified when another appropriates his mark by registering it. That proves that prior to registration there existed some right capable of injury.

It is this common law action to indemnify the unregistered owner which raises the doubt whether the system is attributive. I would very respectfully submit that this remedy is not based upon a property right in the trade-mark but is against fraud. If we apply this distinction, brought out in trade-mark cases and unfair trade cases in our own law, to the Brazilian law, it seems that the argument of those who contend that registration is declarative is reconcilable with the arguments of those who hold that it is attributive. The trade-mark statutes have made registration the new basis of property right in trade-marks in Brazil; the indemnity accorded the unregistered first user arises under the law of unfair trade or of *concurrência desleal*, as it is called in Portuguese, which is based upon the injury done to good-will by deception.

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