

# World Trademark Review *Daily*

## Brazilian Football Confederation not entitled to moral damages for undue use of its mark Infringement

### Brazil - Guerra Propriedade Industrial

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In November 2013 the Brazilian Superior Tribunal of Justice has rendered a decision to the effect that the undue use of a trademark does not necessarily result in the payment of compensation for moral damages to the trademark owner.

The Superior Tribunal of Justice dismissed an appeal filed by [Confederação Brasileira de Futebol \(CBF\)](#) - the Brazilian Football Confederation - in which the latter claimed moral damages as a result of the undue use of its registered trademark CBF on goods commercialised by Yantang Huang Bolsas Bijuterias e Acessórios, a small company which sells bags, jewellery and accessories.

In 2010 CBF filed a court action against Yantang Huang, requesting that the latter cease using its trademark CBF, and seeking moral and material damages as a result of the undue use of its trademark. The courts of first instance and second instance ruled in favour of the plaintiff, ordering that the defendant cease using the trademark CBF. However, no moral damages were awarded to the plaintiff - only material damages. CBF appealed to the Superior Tribunal of Justice.

With regard to material damages, the Superior Tribunal of Justice stated that these should be assessed by the first instance court in accordance with the criteria set forth in Article 210 of the [Industrial Property Law](#), namely:

1. the profits that the plaintiff would have obtained if the infringement had not taken place;
2. the profits obtained by the infringer;
3. the amount that the infringer would have paid to the trademark owner if it had been granted a licensing agreement.

The first instance court must also decide which of these three criteria is the most relevant in a particular case.

The decision of the Superior Tribunal of Justice with regard to moral damages is interesting in that the tribunal expressed the view that “the undue use of a trademark does not necessary result in moral damages to the owner of the right”, and that it is necessary to evidence that such use has harmed the reputation of the trademark owner.

In this regard, the tribunal stated that CBF’s main activity is the organisation and promotion of sports events, and not the sale of goods bearing its mark. Consequently, CBF’s image is more directly related to the promotion of sports events than to the sale of goods.

Another issue raised in the decision is the position adopted by the Superior Tribunal of Justice in a previous decision, in which it had held that, in Brazil, moral damages to a legal entity correspond to the violation of personality rights. In this regard, it should be noted that trademarks do not fall within this category of rights. Therefore, while the infringement of trademark rights results in material damages for the trademark owner, moral damages will occur only in cases where the reputation of the trademark owner has been harmed (ie, to the extent that the infringing goods were of bad quality). In such a case, consumers will have a negative image of the trademark owner, instead of the infringer.

In the present case, the Superior Tribunal of Justice stated that:

- there was no information whatsoever as to the quality of the infringing goods; and
- there was no evidence of the dilution of CBF’s trademark among consumers as a result of the sale of the infringing goods.

In other words, no evidence was submitted that CBF’s image had been damaged by the sale of the infringing goods.

The decision is significant in that it confirms the position of the Superior Tribunal of Justice that, while material damages can be applied immediately in cases of trademark infringement, moral damages are difficult to demonstrate because it must be evidenced that the reputation of the trademark owner has been damaged as a result of the infringement. One should also take into consideration the fact that, in order to

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assess whether the reputation of the trademark owner has been damaged, the court must take into consideration the sector of activity of the trademark owner.

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