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Large department store ordered to cease using trademark similar to previous supplier's Confusion mark

Brazil - Guerra Propriedade Industrial

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The Superior Tribunal of Justice has recently issued its decision in a case involving a large Brazilian department store, [Lojas Renner SA](#). The case concerned a conflict between the marks CORTELLE and CORPELLE.

The plaintiff, Cortex Comércio Exportação e Importação Ltda, owns the trademark CORPELLE, registered in 1995 and 1996 as a word mark and in a composite form, to identify clothing articles (eg, underwear). Cortex sold goods bearing the mark CORPELLE to Lojas Renner for many years, until 2002.

In 2002 the [Brazilian Patent and Trademark Office](#) (PTO) granted a registration for the mark CORTELLE to Renner to identify the same type of goods (clothing articles). At the same time, Cortex ceased to supply Lojas Renner with goods bearing the CORPELLE mark and Lojas Renner began selling goods under its own CORTELLE mark.

In view of the similarity between the marks CORPELLE and CORTELLE, Cortex filed a court action against Lojas Renner and the Brazilian PTO, on the grounds of unfair competition and risk of consumer confusion. The first instance decision was favourable to Cortex. Consequently, Lojas Renner's registration for the mark CORTELLE was cancelled and the company was ordered to cease selling any goods bearing the mark.

Lojas Renner filed an appeal and the Federal Regional Tribunal of the Fourth Region upheld the appeal. It decided that there was no evidence that the co-existence of the marks CORPELLE and CORTELLE caused consumer confusion.

A special appeal was subsequently filed by Cortex to the Superior Tribunal of Justice. The decision was favorable to the plaintiff/appellant, without a dissentient vote.

In her opinion (with which the other judges of the Superior Tribunal of Justice agreed), the reporting judge on the special appeal pointed out the arguments which had led her to decide in Cortex's favour.

First, the reporting judge noted that the [Brazilian Industrial Property Law](#) (IPL) does not require *evidence* of consumer confusion or association, but a mere *potential risk* of consumer confusion or association (Article 124, Item XIX of the law).

Second, with regard to the analysis of the conflict between the marks CORPELLE and CORTELLE, the reporting judge stated that the marks should be taken into consideration "as a whole", instead of on an isolated basis.

Based on the abovementioned criteria, the reporting judge stated that the marks CORPELLE and CORTELLE were almost identical and differed only in one letter (CORPELLE/CORTELLE). The judge stressed that even the use of the double 'L' was maintained by Lojas Renner in its mark (CORTELLE/CORPELLE).

The reporting judge also pointed out that Cortex's mark CORPELLE was created by joining the words 'cor' (colour) and 'pele' (skin), which are directly associated with the goods identified by the mark - that is, underwear. On the other hand, Lojas Renner's mark was not created through the process of joining two words, thus revealing a clear intention of:

- resembling as much as possible the earlier registered trademark CORPELLE; and
- creating consumer confusion as to the origin of the goods.

Furthermore, the decision asserted that Lojas Renner used to sell CORPELLE-branded goods in its stores up to 2002, but then curiously ceased selling those goods and began selling its own goods under the mark CORTELLE. The judge noted that Lojas Renner's actions amounted to bad faith and unfair competition, because its clear intention was to cause consumer association by leading them to believe that it was still selling CORPELLE-branded goods. However, Cortex's CORPELLE-branded goods had been substituted with Lojas Renner's own CORTELLE-branded goods.

In view of the abovementioned reasons, the Superior Tribunal of Justice decided that the marks CORPELLE and CORTELLE could not co-exist in the same market segment, in accordance with Article 124, Item XIX, of

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the Industrial Property Law. Consequently, the court ordered that the first instance decision be re-established.

The decision shows that the judges of the Superior Tribunal of Justice are sensitive to details when analysing trademark conflicts. In fact, attention to detail was crucial in this decision (eg, the detailed comments regarding the creation of Lojas Renner's mark). Further, the interpretation of a party's behaviour when imitating or reproducing a third party's earlier registered mark may play an important role in reaching a decision (eg, the conclusion that Lojas Renner's intention was to mislead consumers into believing that CORPELLE-branded goods were still being sold in its store).

This decision is useful in that it will help prevent undue imitation or reproduction of trademarks, thus guaranteeing that honest competition prevails.

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