TRADEMARK GENERIFICATION: A CROSSCOUNTRY COMPARISON OF LEGAL REGIMES REGARDING THE LOSS OF THE EXCLUSIVE RIGHT

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Trademark is the nominative, figurative or complex signal that has as main function to distinguish the goods or services of one undertaking from those of other companies. There are some situations, however, in which the trademark loses its distinctive character, becoming a mere common word or synonym of what it originally used to point out. This phenomenon is called generification or genericide, and creates a conflict between the interests of the rightholder of a trademark, in maintaining the right of exclusive use upon the sign, and the social interest, in using this same sign unrestrictedly as the name of the product or service that, originally, the trademark used to distinguish. The goal of this paper is to analyze different legal systems to assess how each one of them addresses this problem, when it comes to trademarks that have permanently lost their most basic distinctive function, in order to find the most suitable regime for Brazil, bearing in mind that Trademark Law should aim at balancing the interests of trademark holders, competitors and consumers.

Key-words: trademark; distinctiveness, generification.
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INTRODUCTION

The exclusive right granted by a trademark, as an industrial property right, is one of the most important assets of any company since it has the main function to distinguish the goods or services of the right-holder from other, similar or identical, put on the market by competitors. However, there are situations when trademarks that used to be distinctive lose this characteristic and become part of the ordinary vocabulary as a simple noun or verb used to name the good or service that the mark used to distinguish.

When this situation takes place, a conflict arises between the interest of the right-holder in keeping his or her exclusive right, and the competitors and social interest in using the once distinctive trademark without restriction.

Some national and regional laws provide remedies to solve this conflict, such as the European Community, United States of America and the Andean Community Law. However, other national laws, like the Brazilian one, do not expressly address this subject, allowing this conflict to continue regardless of the negative effects that the maintenance of the exclusive right may cause to competitors and consumers.

The present research paper aims to analyze and compare the legal systems mentioned above, to assess how each of them deals with trademark generification and the possible remedies they provide to solve the conflict between the interest of the right-holders and that of third parties regarding the use of the expression that used to be distinctive.

First, it is necessary to establish a basis by defining the requirement of distinctiveness, and analyzing how it is applied to trademarks. Second, we analyze the phenomenon of generification in order to explain how and why the distinctiveness of a trademark is lost. Finally, we analyze and compare the European, American, Andean and Brazilian legal systems to assess how each one of them deals with generification, as well as the legal remedies that they provide; all of this in order to propose a solution to fill this gap in the Brazilian Law.

1. TRADEMARK DISTINCTIVENESS

A trademark is a sign, or a combination of signs, which is used to distinguish the goods or services of one undertaking from those of other undertakings, allowing consumers to identify different products on the market.

The distinctiveness requirement, which is essential to all trademarks, aims to prevent the words and/or symbols contained on the trademark to be linked to the goods and services in which it will be used.

In other words,

“A term that is commonly used in a language to identify a genus or class of things (i.e., a ‘generic’ term) may not serve as a trademark to identify that genus or class of things. In English, the word ‘apple’ may not be used as a trademark to identify a type of fruit because that is the generic term for a kind of fruit. (On the
other hand, ‘apple’ may be used to identify a computer because the term has no inherent connection to electronic goods."

The importance of this requirement is justified because

“Granting exclusive use of a term that is the only publicly recognizable name for a category of goods unfairly limits competition because it confers a monopoly on the trademark owner by rendering competitors to describe their own goods effectively.”

That is because those who compete with the trademark owner are unable to use the word by which their goods are commonly known to commercialize them. On the other hand, the monopoly of a generic word also harms consumers, since they will not be able to “easily discover whether products similar to the trademark goods are available from other sources.”

Not for other reason, all national and regional laws that will be assessed in this paper provide that, in order for a trademark to be registered, the signs contained in it must be distinctive.

In short, all of them include a mention to the distinctive or distinguishing character that is necessary in order to grant registration of a trademark; moreover, the European and American legal texts take a step forward by making explicit mention of the function of distinguishing goods or services from those of competitors, which is in line with the market economy that we live in.

However, despite the important role that distinctiveness plays in trademark law and in the marketing strategies of right-holders, a word that was distinctive at the time of registration can lose this characteristic and become generic overtime due to its misuse by its owner or third

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3 J. Stern, Genericide: Cancellation of a Registered Trademark, supra at note 2, at 675.
4 Decision No. 486 of September 14, 2000 Establishing the Common Industrial Property Regime of the Andean Community, 2000 OJ (600) 2 ff.: “Article 134. For the purposes of these Provisions, any sign capable of distinguishing goods or services on the market shall constitute a mark. Signs that are susceptible of graphic representation may be registered as marks. The nature of the product or service to which a mark is to be affixed shall in no case be an obstacle to the registration thereof.”
5 U. S. Trademark Law: Trademark Act; 15 U.S.C. §§ 1051 et seq. & Patents Act; 35 U.S.C. Part 1, Consolidated as of December 28, 2009 (Pub.L. 79–489, 60 Stat. 427): “§ 45, 15 USC § 1127. (...) any word, name, symbol, or device, or any combination thereof – (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source, even if that source is unknown.”
6 Directive (EU) 2015/2436 of the European Parliament and of the Council of December 16, 2015 to approximate the laws of the Member States relating to trademarks, 2015 OJ (L 336/1) 1 ff.: “Article 3. A trade mark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of: (a) distinguishing the goods or services of one undertaking from those of other undertakings; and (b) being represented on the register in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor.”
7 Law No 9.279/1996 of May 14, 1996 Brazilian Industrial Property Law, 1996 OJ (15/05/1996) 8353 ff.: “Article 122. Any distinctive visually perceptible signs that are not included in legal prohibitions shall be eligible for registration as a mark.”
parties, when they are left free by the right-holder to use the trademark as an ordinary word to designate the good or service itself.

This situation and the consequences that arise with it will be assessed in the following chapters of this work.

2. TRADEMARK GENERIFICATION

On the opposite spectrum of distinctive signs, we find generic terms, which are common words used, either in a colloquial or specialized sense, to identify a genus or class of things, a product, or a service itself. Therefore, an exclusive right on the use of such terms cannot be bestowed on a single undertaking since it would not serve the function of distinguishing its goods or services from those of other undertakings.

Notwithstanding the above, no matter how inventive and fanciful a sign was at the time when its trademark registration was granted, such distinctiveness can be lost, taking the trademark from good to bad for business. This is what we call generification. It can be defined as the phenomenon whereby a once distinctive trademark loses this essential characteristic and becomes a generic term to commonly designate the goods or services within the market.5

Some authors use the term genericide, “meaning that the primary significance of the mark in the minds of consumers denotes the type of product or service rather than its source.”6

Consequently, the trademark turns into an expression needed by both consumers and producers or providers of the same kind of goods or services. In the first case, to be able to ask and look successfully for a product to fulfill a specific need; most importantly, in the second case, the sign becomes an indispensable tool to compete in the market.

When generification has taken place, there are no incentives for new competitors to come up with a new word. Indeed, it does not seem logical to invest effort, and sometimes even resources, in such a task when the public at large has already adopted a name for the exact same product they want to put in the market and consumers do not really know or even care about what the source is.7

It is for this reason that, although a trademark registration entails a presumption of validity8 which “includes the specific presumption that the trademark is not generic”9, overriding such presumption must be an option for undertakings that seek to enter a specific market.

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5 “Trademark rights are defined by the public perception. If the public identifies a particular mark with a given firm, that mark is protectable; however, if the public understands the mark to refer to a class of products, the mark is “generic” and not protectable. The status of a mark is not fixed - a mark that has trademark significance in 2014 might become in 2015. The loss of a mark can be a significant blow to the former owner and it occurs frequently enough to have a name: genericide.” P. J. BRODY, Reprotection for Formerly Generic Trademarks, in 82 U. Chi. L. Rev., 2015, 475 ff., 475.
7 J. STERN, Genericide: Cancellation of a Registered Trademark, supra at note 2, at 675ff.
8 J. STERN, Genericide: Cancellation of a Registered Trademark, supra at note 2, at 692.
9 U.S. Court of Appeals Ninth Circuit November 18, 1982, Coca-Cola Co. v. Overland, Inc., (692 F 2d. 1250, 1254) case “Coke”
It is for this purpose that many, if not most, legal systems provide specific remedies, such as cancellation actions, to allow third parties to overrule the presumed distinctiveness of a trademark. Given that this is not a new phenomenon, it is baffling to find that an industrial property legal regime does not contain a specific provision in this regard.

3. ANALYSIS OF DIFFERENT LEGAL SYSTEMS REGARDING GENERIFICATION

In this section we proceed to study specific provisions regarding legal remedies to deal with generification and how such phenomenon is handled in the European Union, the United States of America, the Andean Community and Brazil, including its assessment, but focusing on its legal consequences.

3.1. ANALYSIS OF THE ANDEAN COMMUNITY LAW AND LEGAL REGIME

The Andean Community is a supranational organization formed by four members: Colombia, Bolivia, Ecuador, and Peru. The Common Regulations Regarding Industrial Property are contained in the Decision No. 486/2000.

Concerning generification, Article 169 of the above mentioned normative provides the following:

“Article 169.- The competent national office shall, either ex officio or at the request of any party, order the cancellation of the registration of a mark or the limitation of its scope where its owner has caused or allowed it to become an everyday or generic sign to identify or designate one or more of the goods or services for which it was registered.

It shall be understood that a mark has become an everyday or generic sign where, in commercial circles and for the public, the mark has lost its distinctive character as the indication of the corporate origin of the product or service to which it is applied. For those purposes the following factors must be present in relation to the mark:

(a) the need for competitors to use the sign in order to conduct their activities, due to the non-existence of another appropriate name or sign to designate or identify the product or service concerned on the market;
(b) the widespread use of the mark by the public and in commercial circles as an everyday or generic sign for the product or service concerned; and

(c) the public’s ignorance or limited perception of the fact that the mark denotes a particular corporate origin.”

At a first glance, it seems like the Andean regulation is not only clear but also very detailed and restricted when it comes to the requirements to be met so that a cancellation due to the vulgarization of a trademark is successful. They can be summarized as follows:

1. Action or omission of the rightholder
2. Lack of a generic term that can be used by third parties
3. Regular use as a generic term by the public and the media

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4. Lack of sufficient recognition of the corporate origin of the product

These requirements must concur in order to successfully cancel a trademark registration.\footnote{Such has been the interpretation of the Colombian Trademarks office in the recent case “Nachos”: “Consequently, the examiner must take into account the three requirements included in the norm to determine the cancellation due to the generification of the trademark [...]. The above, also bearing in mind that the norm makes explicit reference to the attitude of the owner of the trademark whose cancellation is requested regarding the vulgarization of their sign, when it states that it has caused or allowed it to become an everyday or generic sign.” Superintendence of Industry and Commerce July 27, 2015, Resolution No. 37677, Martha Cecilia Mendez Salazar v. Ferris enterprises Corp., case “Nachos”}

Regarding the first requirement, it is interesting to observe that the law not only punishes action but also omission. The rightholder, whose trademark is in danger to be cancelled, either actively caused the sign to become generic by misusing it on its marketing strategy; or it allowed the public or third parties to use it to designate the good or service by not taking the proper steps to protect it. In other words, the trademark owner failed to be diligent in the protection of the right that was granted to him.

Moreover, the Andean Tribunal of Justice has broadened the scope of application of the above cited article to signs that become descriptive overtime. This criterion was recently stated in a prejudicial interpretation regarding trademark PLEXIGLASS as follows:

“Although the interpreted article provides for cancellation in the event that the sign has become common or generic, the Tribunal considers that this legal figure, in order to safeguard the common interest and in accordance with the rules governing trademarks law, is extended to those marks that have become descriptive of one or more products or services for which the trademark was registered.”\footnote{Andean Community Tribunal of Justice, case “PLEXIGLASS”, supra at note 12}

Regarding the active subject, it is clear from reading the norm that not only the Trademark Authority can cancel the registration \textit{ex officio}, but also the cancellation action may be brought by any third party, no matter if it has a particular interest or not. The Andean Tribunal justifies this by stating that “the ultimate purpose is to protect the interest of consumers who might be misled by buying products or services that are no longer distinctive in the market.”\footnote{Andean Community Tribunal of Justice November 19, 2014, Process 049-IP-2014, Arkema France v. National Institute for the Defence of Competition and the Protection of Intellectual Property (INDECOPI), 1 ff. at 14, case “PLEXIGLASS”}

The aforementioned provisions suggest that the Andean Community trademark policy is oriented to keep the balance between the interests of all agents that interact in the market. Indeed, it is willing to grant an exclusive right over the use of a sign to a determined undertaking; still, it also protects consumers and incentives competition by imposing a burden of diligence on the rightholder.

3.2. ANALYSIS OF THE UNITED STATES LEGAL REGIME

Section 14 of the Laham Act Code §15 1064(3), in the United States of America has a special provision about the cancellation of a trademark that has become generic:

\begin{footnotesize}
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\item[11] Such has been the interpretation of the Colombian Trademarks office in the recent case “Nachos”: “Consequently, the examiner must take into account the three requirements included in the norm to determine the cancellation due to the generification of the trademark [...]. The above, also bearing in mind that the norm makes explicit reference to the attitude of the owner of the trademark whose cancellation is requested regarding the vulgarization of their sign, when it states that it has caused or allowed it to become an everyday or generic sign.” Superintendence of Industry and Commerce July 27, 2015, Resolution No. 37677, Martha Cecilia Mendez Salazar v. Ferris enterprises Corp., case “Nachos”\
\item[13] Andean Community Tribunal of Justice, case “PLEXIGLASS”, supra at note 12.
\end{itemize}
\end{footnotesize}
A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment\(^\text{14}\) under section 1125(c) of this title, by the registration of a mark on the principal register established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905:-
November 25, 2013
(...)
(3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of section 1054 of this title or of subsection (a), (b), or (c) of section 1052 of this title for a registration under this chapter, or contrary to similar prohibitory provisions of such said prior Acts for a registration under such Acts, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.”\(^\text{15}\)

The first thing one notices when reading the article is that a particular interest has to be present so that someone is enabled to bring the cancellation action due to generification of the mark\(^\text{16}\). Also, it can be brought at any time, which makes sense given that generification is a phenomenon that does not occur overnight; on the contrary, it might take years to actually notice that the mark is not distinctive anymore.

The standards for determining when a trademark has become generic were first settled in 1921 by Judge Learned Hand on the case law Bayer Co. v. United Drug Co., where it was stated that: “The single question...is merely one of fact: What do the buyers understand by the word for whose use the parties are contending?”\(^\text{17}\) This is called the primary significance test and it “is based on how the public perceives the contested mark - whether consumers

\(^{14}\) “Dilution is comprised of two principal harms: blurring and tarnishment. Dilution by blurring occurs when the distinctiveness of a famous mark is impaired by association with another similar mark or trade name. See 15 U.S.C. § 1125(c)(2)(B). Dilution by tarnishment occurs when the reputation of a famous mark is harmed through association with another similar mark or trade name. See 15 U.S.C. § 1125(c)(2)(C).” Legal Information Institute. Available at https://www.law.cornell.edu/wex/dilution_trademark.


\(^{16}\) § 14 (15 U.S.C. § 1064) of the U. S. Trademark Law, supra at note 15: “A petition to cancel a registration of a mark (...) may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged”

\(^{17}\) U.S. District Court for the Southern District of New York April 14, 1921, Bayer Co. v. United Drug Co., (S.D.N.Y. 1921, 272 F. 505 509.), case “Aspirin”
understand the mark to mean only a type of product, or whether they recognize the name as being source indicative.\textsuperscript{18}

In 1979, a new standard to determine if a trademark has become generic was adopted by the Ninth Circuit in the Anti-Monopoly, Inc. v. General Mills Fun Group, Inc.\textsuperscript{19} decision. In this case, the Court evaluated whether the goods to which the trademark is used constitute a genus, or merely a species.\textsuperscript{20} According to the Court,

“A term may be generic even though the public recognizes the contested term as a brand name, which is source indicative, if the court finds that the trademarked goods constitute their own genus. This determination is made by evaluating why consumers purchase the trademarked goods.”\textsuperscript{21}

The test settled by the Anti-Monopoly Case is different from the public perception test. The purchaser motivation test threatens even strong trademarks, if trademarked goods, or unique goods that are substantially different from one another are classified as being of the same genus.\textsuperscript{22}

In recent and relevant cases, the chosen standard to assess genericification was the first one, the primary significance test. This thesis is in line with the Lanham Act provisions and purpose, as recently, stated by the US District Court of Arizona in Elliot v. Google Inc.\textsuperscript{24}:

“The salient question is the primary significance of the term to the consumer. If the term indicates a product of a single producer to the consumer, it is a valid trademark.” S. Rep. No. 98-627, at 5, reprinted in 1984 U.S.C.C.A.N. 5718, 5722. Thus, even if a mark qua verb is used exclusively in the indiscriminate sense, the mark is not generic if a majority of the consuming public nevertheless uses the mark qua mark to differentiate one particular product or service from those offered by competitors.

A genericism inquiry guided by grammatical formalism is incompatible with the intent of the Lanham Act and its subsequent amendment by the Trademark Clarification Act. The twofold justification for the Lanham Act as stated by the Senate Committee on Patents was: (1) “to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get”; and (2) “where the owner of a trade-mark has spent energy, time, and money in

\textsuperscript{18} J. STERN, Genericide: Cancellation of a Registered Trademark, supra at note 2, at 667.

\textsuperscript{19} U.S. Court of Appeals, Ninth Circuit December 20, 1979, Anti-Monopoly, Inc. v. General Mills Fun Group, Inc., (611 F. 2d 296, 302-04), case “Monopoly”

\textsuperscript{20} “A genus is a broad category or class of goods (laundry soap, for example), whereas a species is one of many similar products making up a larger category of goods.” J. SERN, Genericide: Cancellation of a Registered Trademark, supra at note 2, at 669.

\textsuperscript{21} J. SERN, Genericide: Cancellation of a Registered Trademark, supra at note 2, at 669.

\textsuperscript{22} “Under the purchaser motivation standard, a product constitutes its own genus if consumers indicate hat they are interested in buying the product, but do not care who makes it.” J. SERN, Genericide: Cancellation of a Registered Trademark, supra at note 2, at 672. See also H. Marvin Ginn Corp. v. International Association of Fire Chiefs, Inc., 782 F.2d 987, 228 USPQ 528, 530 (Fed. Cir. 1986); Northland Aluminum Products Inc., 777 F.2d 1556, 227 USPQ 961, 963 (Fed. Cir. 1985); Weiss Noodle Co. v. Golden Cracknel & Specialty Co., 290 F.2d 845, 129 USPQ 411, 413 (CCPA 1961).

\textsuperscript{23} U. S. Trademark Laws, supra at note 15.

\textsuperscript{24} However, the Federal Circuit still applies the purchase motivation test when determining whether a trademark is generic. See U.S. Court of Appeals for the Federal Circuit May 15, 2015, Princeton Vanguard, LLC v. Frito-Lay North America, Inc (786 F.3d 960, 114 USPQ2d 1827, 1830-31), case “Pretzel Crips”
presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats.” S. Rep. 1333, at 1 (1946), reprinted in 1946 U.S. Code & Cong. Serv. 1274, 1274.”

The Lanham Act, in the same provision cited above, provides for additional grounds, other than generification, to request the cancellation of a trademark, such as abandonment. The Lanham Act itself provides a definition of “abandoned”, which is curiously connected to generification:

(…) A mark shall be deemed to be “abandoned” if either of the following occurs: (…) (2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.”

It is important to note that these are two different claims to bring the action. However, this provision reiterates that the purchaser motivation test is not the one to take into account.

It is also interesting to highlight how the Lanham Act and its motivation contrast with the Andean System which, has we mentioned above, seems to be more inclined to the protection of consumers rights and free competition; whereas the American system clearly seeks to reward and protect the interests of undertakings that have put great effort and investment to position their products in the market. In other words, the generification bar is higher.

Apart from the judicial procedure to cancel a trademark that has become generic, Section 307(3) of the Trademark Trial and Appeal Board (TTAB)
Manual of Procedures (TBMP)
also provides for an administrative procedure to cancel trademarks that lost their distinctive character, which repeats the exactly words of Section 14 of the Laham Act Code §15 1064(3).

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26 U. S. Trademark Law, supra at note 15.
27 “The TTAB is an administrative board that hears and decides adversary proceedings between two parties, namely, oppositions (party opposes a mark after publication in the Official Gazette) and cancellations (party seeks to cancel an existing registration). The TTAB also handles interference and concurrent use proceedings, as well as appeals of final refusals issued by USPTO Trademark Examining Attorneys within the course of the prosecution of trademark applications.” Available at https://www.uspto.gov/trademarks-application-process/trademark-trial-and-appeal-board-ttpab
28 “The TBMP provides practitioners with basic information generally useful for litigating cases before the TTAB. The manual does not modify, amend, or serve as a substitute for any existing statutes, rules, or decisional law and is not binding upon the TTAB, its reviewing courts, the Director of the USPTO, or any part of the USPTO. Rather, the TBMP merely describes current practice and procedure under the applicable authority, as of the manual’s issue date.” Available at https://www.uspto.gov/trademarks-application-process/trademark-trial-and-appeal-board-ttpab
29 “307 Time for Filing Petition to Cancel
15 U.S.C. § 1064 [Trademark Act § 14] A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of confusion of dilution by blurring or dilution by tarnishment under
It is important to notice that, in order to assess if a trademark has become generic, the TTAB adopts the criteria settled by the Anti-Monopoly Case. In fact, when assessing the genericness of a trademark in 2015, it stated that:

“Determining whether a mark is generic therefore involves a two-step inquiry: 1) what is the genus of goods or services at issue? 2) does the relevant public understand the designation primarily to refer to that genus of goods and/or services?”

Finally, the burden of proving whether a trademark has become generic is on the petitioner, who must provide documents containing clear evidence that the trademark has lost its distinctiveness.

3.3. ANALYSIS OF THE EUROPEAN UNION LAW AND LEGAL REGIME

Article 12(2)(a) of Directive 2008/95/EC of the European Parliament and the of the Council of 22 October 2008 provided that “a trade mark shall be liable to revocation if, after

section 43(c), by the registration of a mark on the principal register established by this Act, or under the Act of March 3, 1881, or the Act of February 20, 1905: (...) (3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, (...) If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.”

According to the European Court of Justice, “The effect of such a revocation is to terminate the exclusive right of the proprietor of the trade mark to control the use of it by third parties in business since, under Article 5(1) of the Directive, that exclusive right is capable of existing without limit of time, thereby allowing the proprietor in question to monopolise the sign registered as a trade mark indefinitely. Once it is revoked other operators are allowed freely to use the registered sign. Revocation thus pursues an aim which is in the public interest, namely that signs or indications which have become a common name for goods or services in respect of which registration of a trade mark is applied for, or a trade mark has been registered, may be available to or freely used by all. Like Article 3(1)(c) and (d) of the Directive, Article 12(2)(a) reflects the legitimate objective of not allowing registration of a trade mark to be used to perpetuate exclusive rights over terms that are generic or commonly associated with goods or services covered by the registration in question. Each of these provisions prevents such signs or indications from being reserved indefinitely to one undertaking
the date on which it was registered: (a) in consequence of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered." 33

Article 13, provided for the possibility of revocation relating to only some goods or services for which that trade mark has been applied for or registered.

Like the Lanham Act assessed above, the European Directive did not provide for clear standards for determining when a trademark has become generic. Nevertheless, the standards were settled by the European Court of Justice.

In Backaldrin v. Pfahnl (C-409/12) 34, the Court held that the perception of the user is decisive to for determining whether a trademark has become a common name in the trade of a product. In that sense, the trademark KORNSPITZ, owned by Backaldrin and used to assign a mix sold to bakers to cook bread rolls, was revoked because “the end users ignored that the bread rolls were made with the KORNSPIT trade marked baking mix, since sellers did not inform them that KORNSPITZ was a registered trademark." 35

It is important to notice that

“The perception of the intermediaries and retailers is not relevant 36, because they are not advising the end users in their decision-making process, as is in case with pharmacists and physicians in relation to medicinal products available by prescription.” 37

When analyzing this case, the EUCJ also pointed out a second question: the acts or inactivity of the trademark owner regarding the preservation of the distinctive character of the trademark. The Court held that, “to prevent the risk of generification, trade mark owners should insert in licence agreements clauses regarding the use of the mark that oblige licensees to inform end users of the registration of the mark.” 38

The EUCJ decision regarding the acts or inactivity of the proprietor was in line with the old Directive.

References:
- M. GIANNINO, Kornspitz: only the view of end users are relevant to establish if a trade mark has lost its distinctive character, in 9 Journal of Intellectual Property Law & Practice, No. 10, 2014, 788 ff., 789.
- This decision goes against a previous one held previously by the EUCJ, when questions regarding the interpretation of Article 12(2)(a) were brought to Court for the first time: “[…] Article 12(2)(a) of the Directive should be interpreted as meaning that in order to assess whether a trade mark has become the common name in the trade for a product for which that trade mark is registered, with the result that the trade mark may be revoked, there should be taken into account globally both the perspective of consumers or end users of the type of goods or services concerned, and that of the persons in the trade who deal with that type of goods or services commercially.” Björnekulla Fruktindustrier AB v. Procordia Food AB, supra at note 32.
- M. GIANNINO, Kornspitz: only the view of end users are relevant to establish if a trade mark has lost its distinctive character, supra at note 35, at 790.
“Thus, for example, revocation may occur only if the owner used her trademark to describe the type of product sold, or did not promptly sue unauthorised third parties for infringement, thus allowing the sign to become a descriptive term.”

This provision ends up rewarding the interest of the right-holder more than the interest of consumers and competitors, since the trademarks that are generic de facto may still be used exclusively by its owner if he or she can prove to be taking due diligence to try to keep the trademark distinctive.

On 15 December 2015, the European Parliament approved a new Trademark Directive (Directive 2015/2436/EC), that provides new rules concerning Community Trademarks and also national trademarks in the European Union. This new Directive entered into force on March 23, 2016, and it also contains special provisions about revocation of trademarks when they become generic terms, that repeats the provisions of Articles 12(2)(a) and 13 of the old Directive.

Nevertheless, the new Directive also brought some novelties to the issue. Article 45(1), 45(2), 45(4)(a) and 45(5) provide for an administrative procedure before the Member States Trademark Offices to revoke a trademark that has become generic:

“Article 45(1) - without prejudice to the right of the parties to appeal to the courts, Member States shall provide for an efficient and expeditious administrative procedure before their offices for the revocation or declaration of invalidity of a trade mark.”

“Article 45(2) - The administrative procedure for revocation shall provide that the trade mark is to be revoked on the grounds provided for in Articles 19 and 20.”

“Article 45(4)(a) - at least the following are to be entitled to file an application for revocation: any natural or legal person and any group or body set up for the purpose of representing the interests of manufacturers, producers, suppliers of services, traders or consumers, and which, under the terms of the law governing it, has the capacity to sue in its own name and to be sued.”

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39 G. GHIDINI, Innovation, Competition and Consumer Welfare in Intellectual Property Law, Edward Elgar, Chentelham, Cheltenham 2010, 188. The author also states that “This solution clearly rewards the interests of the trademark owners, reluctant to accept that simple vulgarisation may lead to revocation and thus destroy the investments made in the trademark and the goodwill it incorporates. It offers less reward to consumers, interested in fully and easily comparing the same kind of products offered by different firms. This informative interest, converging with the pro-competitive interest of the trademark owner’s rivals to supply products clearly recognisable as of the same kind, is also typically associated with that of a reduction in price levels. If demand by the public for a given commodity focuses on a descriptive term, it will spread to a variety of brands, not a single one (...).”

A trade mark shall be liable to revocation if, after the date on which it was registered:
(a) as a result of acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered;”

“Article 21 - Revocation relating to only some of the goods or services
Where grounds for revocation of a trade mark exist in respect of only some of the goods or services for which that trade mark has been registered, revocation shall cover those goods or services only.”

“Article 45(5) - application for revocation or for a declaration of invalidity against a part or the totality of the goods or services in respect of which the mark is registered.”

It is important to notice that the administrative proceedings of revocation must be implemented by the National Offices until January 14, 2023\(^{42}\).

Finally, article 47(1) and (2) the new Directive provides for the consequences of a trademark revocation, stating that the revoked trademark shall have had no effects as from the date of the application for revocation. However, an earlier date can be fixed at the request of one of the parties\(^{43}\).

### 3.4. ANALYSIS OF THE BRAZILIAN LAW AND LEGAL REGIME

The Brazilian Industrial Property Law (Law n. 9279/1996) does not provide for a legal remedy concerning trademark generification. Article 124, IV provides that it is not possible to apply for a trademark registration when the word contained in it is generic, or synonym of the product or service that it aims to assign:

“Art. 124. The following are not registrable as trademarks

(...)

VI. signs of generic, necessary, common, ordinary or simply descriptive character, when related to the product or service to be distinguished, or those commonly employed to designate a characteristic of the product or service regarding its nature, nationality, weight, value, quality and time of production or rendering of the service, except when endowed with a sufficiently distinctive form;”\(^{44}\)

Moreover, the Law provides for administrative\(^{45}\) and judiciary\(^{46}\) nullity proceedings to nullify marks whose registers were granted in violation of the provisions of the Law.

However, there are no remedies for when a trademark becomes a generic term. Nevertheless, generification is recognized by the Brazilian Superior Court, who in 1986 stated

\(^{42}\) Directive (EU) 2015/2436, supra at note 40: “Article 54 - Transposition

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Articles 3 to 6, Articles 8 to 14, Articles 16, 17 and 18, Articles 22 to 39, Article 41, Articles 43 to 50 by 14 January 2019. Member States shall bring into force the laws, regulations and administrative provisions to comply with Article 45 by 14 January 2023. They shall immediately communicate the text of those measures to the Commission.”

\(^{43}\) Directive (EU) 2015/2436, supra at note 40: “Article 47- Consequences of revocation and invalidity

1. A registered trade mark shall be deemed not to have had, as from the date of the application for revocation, the effects specified in this Directive, to the extent that the rights of the proprietor have been revoked. An earlier date, on which one of the grounds for revocation occurred, may be fixed in the decision on the application for revocation, at the request of one of the parties.

2. A registered trade mark shall be deemed not to have had, as from the outset, the effects specified in this Directive, to the extent that the trade mark has been declared invalid.”


\(^{45}\) Law No 9.279/1996, supra at note 44: “Art. 168. Nullity of the registration shall be administratively declared when it has been granted in violation of the provisions of this Law.”

\(^{46}\) Law No 9.279/1996, supra at note 44: “Article 173. Judicial nullity proceedings may be proposed either by the INPI or by any person having a legitimate interest.”
that the exclusive right should be mitigated when the word contained in the mark becomes part of the public domain:

“It is clear that the maintenance of the word fórmica as a trademark is no longer possible, since it is (...) in the public domain. [The word fórmica] means phenolic material, used as electricity insulating material, furniture (...), according to the Illustrated Barsa Dictionary of the Portuguese Language (APUD pp. 107).”

In a more recent case, the Superior Court held the same position taken in 1986:

“There are expressions that, although directly associated to a good or service, in the beginning do not establish with them a relation of identity that is close enough to be used in the marked as synonyms. With time, however, as their use is spread throughout the market, the good or service may come to establish a strong connection with the expression, which becomes of ordinary use, causing a sensible reduction of its distinctive character. In these cases, expressions that, strictly speaking, should not be admitted as trademarks because of the provision of Article 124, IV, of the Industrial Property Law, end up being registered by the National Institute of Industrial Property, and are subject to have their exclusivity mitigated. Appeal Rejected.”

In the above mentioned law cases, although the Superior Court of Justice did not nullify the trademarks, it recognizes that the exclusive right of the rightholder must be mitigated, meaning that third parties can use the trademarks, since they lost the required distinctiveness for them to be considered as such. In fact, the word FÓRMICA, for instance, became a mere noun, taking away from its rightholder the possibility to impose his/her exclusive right upon the word.

The Justice Court of the State of Sao Paulo, in the same line to the Superior Court, stated that the expression PINCEL ATÔMICO was incorporated to the public vocabulary, and it started to be used as the synonym to highlighter pens and no longer as a trademark.

“Unlawful use of the trademark “Pincel Atômico”. Rejection of the request by the Court of First Instance under two bases: the secondary is that the products are different from each other, and the primary is that the expression became part of the common vocabulary and it is used as a kind of good, and not as a


49 “In another case, regarding the registration of the trademark “OFF PRICE” [Pro Mall Empreendimentos e Participações Ltda. v. Off Price Comércio de Roupas Ltda., STJ 237.954/RJ (2004)], the Superior Court of Justice allowed third parties to use it to designate the mall “Shopping Rio Off Price”. According to the decision, there is no need to nullify the trademark registration, but solely to “give it a relative incidence in cases like this one”, for “the expression in its ordinary and generic meaning can be used by its competitors without the need to nullify the registration”. The same rationale was applied in the “BANK NOTE” case [Carneca Cheques de Luxo Banknote Ltda. v. American Bank Note Company Gráfica e Serviços Ltda., STJ 128.138/RJ (2000)], in which the Superior Court of Justice stated in verbis that “the registered trademark before the Trademark Office, generic in nature, closely linked to the product, makes it possible for companies in the same field of activity, to use it, provided that they use it in the ordinary sense, and in conjunction with other identifying elements, not having to discuss the exclusivity and the annulment of the registration by proper means”. (L. D. SCHMIDT. A distintividade das marcas, Saraiva Editora, São Paulo, 2013, 247 ff.)
trademark. Decision maintained. Quick research on the Internet shows that there are “pincéis atômicos” of other brands, confirming the statement of the contested decision. Appeal rejected.”

The Regional Federal Court of the 2nd Region stated that an expression that lost its distinctiveness can co-exist with other trademarks that are similar or identical:

“With effect, a trademark already registered, can deplete with time because of many reasons, may it be by the frequent use as an indication of the good/service, or even originated from the so called “idiom” that is used in advertising. Fact is that, once a trademark is depleted, she becomes part of the list of ordinary words. Therefore, the fact that trademarks here assessed have a similar nominative element is not enough to characterize the risk of confusion between the trademarks of the litigating companies, since the word have been through effective depletion.”

Both of the above mentioned decisions seem to be correct, since they recognize that the rightholders no longer have the exclusive right upon words that were incorporated to public domain, becoming synonym of the goods they once used to designate.

However, jurisprudence is not yet consolidated. Since in Brazil court decisions are not binding, different courts can come out with different decision regarding the same matter. In this sense, it is important to highlight the decision issued by the first instance of the Regional Federal Court of the 4th Region, in which it was held that it is not possible to declare a trademark void after five years of its registration, even if the trademark has become generic.

The decision relies on Article 174 of the Brazilian Industrial Law, which provides that the “judicial proceedings to declare the nullity of a registration prescribe within 5 (five) years of the date of registration.” However, this provision is related to the declaration of a trademark that was already null by the time of its registration, like a trademark that is against misleading or against public order and morality. Therefore, it could not be applied to a situation where a trademark, that was distinctive by the time when registration was granted, has become generic through use.

It seems then clear that the lack of a special legal provision on the matter of trademark genericification, is not desirable, for it leads to legal uncertainty that can end up harming the right-holder and those who compete with him or her in the market, since it becomes difficult to know the reasons and standards that a Court will adopt to declare a trademark generic and therefore, free to be used by anyone.

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53 Law No 9.279/1996, supra at note 44.
4. TABLE OF COMPARISON

After reviewing the different legal systems of concern, it is necessary to establish a parameter, a lens through which we will analyze the advantages and problems found. Since our aim is to propose a suitable solution for Brazil, in other words a solution via policy-making, the field of law and economics provides useful tools to determine the most efficient manner to handle generification.

William M. Landes and Richard A. Posner analyzed the structure of the trademark system in general by designing an economical model that explains why it is efficient and the problems that may lead to market failures.

According to the aforementioned model, the first assumption that should be made is that "trademark law is trying to promote economic efficiency." This should be the aim of any Intellectual Property regime; hence, we agree that this should be the starting point.

Bearing in mind the above, an expression that has been granted protection in the form of a trademark registration is an asset. As any other asset, a trademark entails an intrinsic value, which is "saving in search costs made possible by the information or reputation that the trademark conveys or embodies about the brand (or the firm that produces the brand)."

It makes sense to grant a monopoly over an expression when it reduces or even eliminates search costs for consumers, who will rapidly identify the product that satisfies their needs and preferences, because it requires great investment in advertising, merchandising, marketing and in general promotion of the good itself and the information about its qualities and attributes. Consequently, the owner of a strong trademark justly charges a higher price for its product. However, when a trademark becomes the generic term to designate, it no longer provides any useful information to the general public; in that case, why should the law maintain the protection?

According to the economic model developed by Landes and Posner, the search costs incurred by the buyer are affected by different variables: the trademark strength and the information it conveys, the availability of words and the amount of words used in common with other manufacturers. In normal circumstances, the last two factors should not be relevant; however, "if one firm is given exclusive rights to words that define or describe a product, this will reduce the productivity of the trademarks of other firms that make the same Product." This clearly affects competition and free entrance to the market for new enterprises.

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54 "Similarly to the definition of the science of economics, the definition of the economic approach towards law or the law and economics movement is not agreed upon. The diversity of definitions reflects, among other factors, also an ideological stance [...]. As regards the definition of economics, we prefer the broad methodological definition according to which law and economics is a specific way of dealing with legal questions, a way that emphasizes particular methodology." N. ELKIN-KOREN; E. M. SALZBERGER, The Law and Economics of Intellectual Property in the Digital Age, 1st Edition, Routledge, New York, 2013, Chapter 1.2.2.

55 W. M. LANDES; R.A. POSNER, Trademark Law: An Economic Perspective, in 30 The Journal of Law and Economics, 1987, 265 ff. We should clarify that the aim of this paper is not making an economical analysis, but taking the one that was already made by experts to explain and support our position regarding generification policy-making.

56 W. M. LANDES; R.A. POSNER, Trademark Law: An Economic Perspective, supra at note 53, at 266.


From a consumer’s perspective, when a producer is granted a monopoly on a generic expression, the trademark strength of other producers will diminish and the search costs that such marks involve will arise, creating a deadweight loss because consumers would be paying higher prices for a lower quantity of the same good.

Now that we found out who bears the cost of maintaining the protection of a genericized term, we proceed to compare the problems found on each legislation based on three main aspects: who is entitled to bring the action, what is the standard to determine generification and the relevance of the trademark holder role.

4.1. EXISTENCE OF A LEGAL PROVISION REGARDING TRADEMARK GENERIFICATION

According to our study, all the analyzed legal systems in this paper, except for the Brazilian one, have specific legal provisions regarding trademark generification, which aim to address the problem when a trademark loses its distinctive character and becomes the common name for a product or service.

In our opinion, the lack of a legal provision on this matter may lead to legal uncertainty, since, in a country where judicial decisions are not binding, even when held by Superior Courts, different Courts and Judges are left free to determine, case by case, how to address the problem concerning trademark generification.

4.2. EXISTENCE OF AN ADMINISTRATIVE PROCEDURE TO REVOKE/CANCEL A TRADEMARK THAT HAS BECOME GENERIC

In view of the legal systems analyzed in this paper, the European Union, the United States of America and the Andean Community provide a legal procedure concerning the revocation and cancellation of a trademark that is no longer distinctive.

However, while the administrative procedure in the United States of America is already implemented through the Trademark Trial and Appeal Board Manual of Procedure (TBMP), and the in the Andean Community through each of the national Intellectual Property Offices, it has not yet been implemented in all countries of the UE.

The implementation of an administrative procedure, before the National Trademark Offices of the UE, to revoke a trademark on grounds of generification, was brought by the Directive 2015/2436, that came into force in 2016. Moreover, as previous analyzed, Member States shall only bring into force the laws, regulations and administrative provisions to implement the here mentioned procedure by 14 January 2023.

4.3. EXISTENCE OF A JUDICIAL PROCEDURE TO REVOKE/CANCEL A TRADEMARK THAT HAS BECOME GENERIC

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The United States of America, the Andean Community and the European Union have specific legal provision establishing a judicial procedure regarding trademark generification.

Moreover, the existence of judicial procedures allowed the Courts of the analyzed country and Regions to establish the standards by which trademark genericness should be evaluated.

Regarding the Brazilian system, despite the fact that it does not have any legal provision on trademarks that have lost their distinctive character, generification is recognized by the Courts, that have been addressing this particular issue since 1980s. However, the problem arises when we take into account that jurisprudence in Brazil is not binding, which can lead to different and even conflicting court decisions, driving out a necessary legal certainty.

4.4. ENTITLEMENT

The Brazilian Law does not have any provision regarding who would be entitled to bring an action to revoke or cancel a trademark that became generic, which seems natural on a system that does not even have legal provisions regarding this sort of action. However, in all the here mentioned Brazilian cases, the generification claim was brought by those who compete with the trademark right-holders in the market, and, who have a legal interest on using those same trademarks in trade.

The EU Directive 2015/2436 does not provide who is entitled to bring a judicial action against a trademark that has become generic. Nevertheless, article 45(4)(a) rules that “any natural or legal person and any group or body set up for the purpose of representing the interests of manufacturers, producers, suppliers of services, traders or consumers, and which, under the terms of the law governing it, has the capacity to sue in its own name and to be sued” is entitled to bring an administrative procedure regarding the same matter. This provision is, of course, very broad, leaving room for anyone to start an action to revoke a trademark on the grounds of genericness.

Nonetheless, just as in the cases heard by Brazilian courts, in both law cases about revocation on the grounds of generification, heard by the European Court of Justice, the revocation claim was filed by competitors of the rightholders of the trademarks analyzed in each case.

On its turn, the Andean Community legislation allows any person to bring a cancellation action against a trademark that has become generic. However, different from the UE provision, the Andean system explicitly bases this position on the protection of consumers.

In contrast, the Lanham Act provides that the action can be brought “by any person who believes that he is or will be damaged”. But what would be considered damage? Is it necessary

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64 In the Backaldrin Österreich The Kornspitz Company GmbH v. Pfahnl Backmittel GmbH (C-409/12) Pfahnl filed a revocation claim for the trademark KORNSPITZ before the Austrian Patent Office, which revoked the trademark. Later, Backaldrin appealed to the Supreme Patent and Trade Mark Court. In the Björnekulla Fruktindustrier AB v. Procordia Food AB (C-371/02), Björnekulla filed a revocation claim before the District Court in Sweden for the trademark BOSTONGURKA, registered for a preserve consisting of chopped pickled gherkins.
to show actual financial detriment? The undue protection of a generic term undoubtedly affects the consumer, as shown above, how can the latter prove this before court?

In view of all these questions, we believe that the requirement of damages is not adequate regarding consumers’ rights for, in addition to the search costs entailed, they will have to deal with the burden of proof of the damages costs caused, or to be caused.

In conclusion, an explicitly open regime regarding the entitlement to bring the cancellation action due to genericization, like the provision in the Andean Community regulations, or Article 45(4)(a) of the Directive 2015/2436-EC, state, is the most desirable.

4.5. STANDARDS TO DETERMINE GENERIFICATION

After decades of changing case law, the Lanham Act finally settles the standard to determine genericization, adopting the primary significance test first used in Bayer Co. v. United Drug CO. Although we agree that the question in genericization is one of fact, the question posed by the primary significance test only takes into account the consumers’ perspective. Nonetheless, it is also important to notice that in a recent law case regarding trademark genericization, the Federal Circuit applied the Anti-Monopoly test: the purchaser motivation test, based on whether the trademark belongs to a specific genus and if the consumer is able to recognize that the trademark refers to that genus.65

We cannot forget that declaring the genericization of a trademark entails the death of an intellectual property right that required investment and effort from an entrepreneur at the time of its conception; thus, the standard of genericization should demand a broader scope and analysis in order to make sure that the trademark has indeed lost its distinctive character.

The Andean Community norm takes into account all of the actors involved in the perception of a trademark, by requiring not only that the term is used regularly as a generic by the public and the media, but also the lack of a generic term that can be used by third parties and the absence of sufficient recognition of the corporate origin of the product. This should be the determinant factors of genericness.

On its turn, the European Union law does not clearly provides for the standards to determine trademark genericification, although it sets the revocation in such cases is only possible when “acts or inactivity of the proprietor, it has become the common name in the trade for a product or service in respect of which it is registered.”66

Nonetheless, the European Court of Justice held that the genericification shall be assessed taking into account only the perception of the end user, regardless of the perception of intermediaries and retailers in trade. The Court also ruled that “the concept of inactivity of a trade mark owner (...) includes situations in which the later is not sufficiently vigilant to preserve the distinctive character of his trade mark.”67

In Brazil the Superior Court already ruled that in order to be considered generic, the trademark must have become part of the public domain, meaning that it has established a close

67 M. GIANNINO, Kornspitz: only the view of end users are relevant to establish if a trade mark has lost its distinctive character, supra at note 35, at 789.
relation of identity to the goods or services at it used to distinguished, having become their synonyms in the market.

4.6. RELEVANCE OF OMISSION OR COMMISSION OF TRADEMARK HOLDER

The Brazilian legal system does not have any provision on this matter, nor have the Courts focused on the acts or inactivity of the right-holder when analysing trademark generification. The analysis of the Courts seems to be limited to checking whether the trademark has become generic or not.

On the Andean Community legal system, as well as in the European Community system, it is clearly stated that generification will be declared when it is the consequence of the trademark owner’s behavior; the holder of the right must have caused or allowed the vulgarization of the term. As stated above, such doctrine has been reiterated by the Trademark Authorities, who must take due account of the attitude of the owner of the trademark in question in the particular case.

Likewise, the United States Courts seem to assess the acts of the right-holder, in order to determine if there is any connection between them and the trademark having become generic.

In our opinion, the approach adopted by the latter three legal systems is not economically efficient since, as held in U.S. Law Case Bayer Co. v. United Drug CO. “The single question...is merely one of fact” i.e. not of law. This thesis was echoed in King-seeley Thermos Co., v. Aladdin Industries, Incorporated (THERMOS case) as follows:

“We are not convinced that the trademark's loss of distinctiveness was the result of some failure on plaintiff’s part. Substantial efforts to preserve the trademark significance of the word were made by plaintiff, especially with respect to members of the trade. However, there was little they could do to prevent the public from using "thermos" in a generic rather than a trademark sense. And whether the appropriation by the public was due to highly successful educational and advertising campaigns or to lack of diligence in policing or not is of no consequence; the fact is that the word "thermos" had entered the public domain beyond recall. Even as early as 1910 plaintiff itself asserted that "Thermos had become a household word." 68

Indeed, the bar to determine whether an expression should enter the public domain or not should be objective. In terms of economic efficiency, it is not admissible that a term that is generic de facto continues to be invested with trademark protection at the cost of impairing free competition and arising consumers’ search costs, when the efforts of the intellectual property right-holder, however big and praiseworthy, have proven to be useless.

5. CONCLUSION

A trademark is a sign, used to distinguish the goods or services of one undertaking from those of other undertakings; therefore, it must be distinctive in order to prevent any kind of link between the goods and services in which it will be used.

When the trademark loses distinctiveness and becomes generic, it is necessary to set standards in order to protect the balance between the rights of trademark holders, competitors and consumers.

In many legal systems there are specific provisions regarding trademark generification and its legal consequences. However, the Brazilian law does not have any, leading to a legal uncertainty that ends up harming not only those who compete in the market with him/her, but also the consumer.

Therefore, not only this issue should be included in Brazilian Industrial Property Law, providing a specific administrative or judicial procedure, it should follow certain parameters in order to achieve the economic efficiency that Trademark Law is supposed to provide. Regarding the three other legal systems analyzed in this paper, and their different approach on this matter they all have some aspects that could be copied in order to fill the Brazilian Law gap, and others to be discarded.

As for the entitlement to bring the action, the European and Andean systems are the most open ones. They provide that anyone can start the lawsuit in order to declare the generification of a trademark; unlike the U.S. legal system, that states that only people who have been, or believe will be damaged by the maintenance of the exclusive right, are entitled to begin a lawsuit. The first two systems allow a more efficient solution.

Regarding the standards for a trademark to be declared generic, we believe that the Andean Legal System provides the best solution. The three factual standards provided by the law are clear and take into account the points of view of the consumers, the competitors, and at the same time, protect the trademark holder from unjustifiably loses his/her right by requiring the lack of another term that can be used by third parties.

Finally, as for the omission or commission of the trademark holder, we believe that it should not be taken into account when assessing if a trademark has become generic. When it comes to economic efficiency, the main aspect to be analyzed is whether the trademark is de facto generic. Allowing the maintenance of the exclusive right only because its holder is taking due diligence to try to avoid generification, harms free competition and also consumers, who will not be able to identify the products or services by the name they have become known in the market.

In conclusion, the Brazilian Law gap should be filled with a regime that is open when it comes to entitlement, provides clear and fair standards, and obeys only to factual evidence. In that way, conflicted decisions by different Courts all over the country would be avoided, providing the legal certainty that is expected from the Law to consumers, competitors and also the trademark holders.
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