

March 26, 2003

Chief Justice of the Supreme Court of Paraguay  
Delivered by hand

Regarding: *Tabacalera Boquerón, S.A. v. Nobleza Piccardo Saci and/or British American Tobacco Company and/or British American Tobacco Company (Brands) Limited (A.I No. 127)*

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Honorable Sir:

The International Trademark Association (INTA) respectfully submits this letter to the Paraguayan Supreme Court to assist in the resolution of the main issue in this conflict, that is, the right of a registered trademark owner to the exclusivity of use of its mark during the term of registration protected by international law and the Article 16 (1) of the Agreement on Trade-related Aspects of Intellectual Property (TRIPS). This right goes to the essence of trademark law and is embodied both in the national laws of Paraguay and in international laws to which Paraguay and other nations are bound. INTA respectfully asks this honorable Court to consider the contents of this letter in the course of coming to a decision about this case.

#### **IDENTITY AND EXPERTISE OF INTA**

INTA is a 125-year-old not-for-profit membership organization dedicated to the support and advancement of trademarks and related intellectual property concepts as essential elements of trade and commerce. INTA's membership is varied and extensive and it is a balanced and reliable representative body. With over 4300 members in 160 countries, INTA's international membership enables it to bring a global approach to the issues at stake. The association also crosses all industry lines, including among its members manufacturers and retailers in industries ranging from aerospace to consumer goods. INTA currently has 9 members in Paraguay.

Since 1916 INTA has acted in the capacity of advisor and has appeared as *amicus curiae* ("friend of the court") in several jurisdictions. INTA presents itself as a "friend of the court" in this matter.

INTA members are interested in the development of clear and consistent principles of trademark and unfair competition laws around the world. INTA has been an official non-governmental observer to the World Intellectual Property Organization (WIPO) since 1979, and actively participates in all WIPO trademark-related proposals. INTA has influenced WIPO trademark initiatives, such as the Trademark Law Treaty, and is active in other international arenas such as the Free Trade Area of the Americas, the European Union and the World Trade Organization (WTO).

INTA herewith respectfully submits this letter in the hope that it may assist the Court by sharing the experience of this international group of trademark owners and practitioners.

INTA believes that this case is significant to the development of international trademark law, particularly with respect to the fundamental issue of the rights of a trademark owner to the exclusive use of his or her mark. INTA, therefore, respectfully requests this honorable Court to consider its comments below as an international expert.

## **INTA'S EXPERTISE IN RELATION TO THE RIGHTS OF A REGISTERED TRADEMARK OWNER**

As mentioned above, INTA participates in international organizations such as WTO and WIPO and advises on matters of trademark law in the drafting of such international obligations and treaties as the Trademark Law Treaty and the TRIPS Agreement.

One of the cornerstones of trademark law is the exclusive right of a trademark owner to use its registered trademark in the country for the goods or services for which it is registered as established by the national laws or international obligations of that country. The exclusive right may not be undermined by suspension of the registration while such registration remains valid and in force.

INTA supports the general rights of owners of all registered trademarks and endorses those laws, both national and international, which establish and protect such trademark rights.

## **SUMMARY OF PROCEDURE AND GENERAL HISTORY OF THE CASE**

British American Tobacco (Brands) Limited ("BAT Brands") owns registrations for marks including DERBY in Paraguay, acquired in 1998 from British American Tobacco Company Limited ("BAT"). BAT had acquired the registrations from Nobleza Piccardo S.A.I.C. y F. ("Piccardo") in 1997. The trademark registrations for DERBY covered goods in International Class 34. These are the registrations in issue.

Tabacalera Boquerón, S.A. ("Boquerón"), the plaintiff in the case set out above, applied to register a number of DERBY marks with the Paraguayan Trademark Office in July and December 2001. These applications were made in respect of tobacco products and were identical to those currently held by BAT Brands.

On February 18, 2002 Boquerón filed a legal action against Piccardo and BAT with the Juez Penal de Garantías de Lambare, on an ex parte basis, seeking (1) to cancel the registrations for DERBY on the basis of non-use; (2) to have the assignments in favor of BAT and BAT Brands declared null, and as a precautionary measure; (3) to suspend the effects of the registrations and use of the DERBY marks by BAT Brands, and (4) to provide Boquerón with the right to produce and sell products using the DERBY marks. It also asked that Ministry of Industry and Commerce, the Ministry of the Treasury, the National Police, the National Customs office and the trademark office be served with notice of the order.

As the basis for its case, Boquerón submitted that Piccardo had not used the DERBY trademarks covered by the registrations within the last five years and that the assignments of the DERBY marks to BAT and BAT Brands were null and void as they

did not comply with Paraguayan law. Boquerón claimed that it had the right to bring this action because of the applications it had filed to register the DERBY marks with the trademark office.

On March 11, 2002 (“March Order”), the Court issued an order suspending the effects of the registrations and use of the DERBY marks of BAT Brands as a precautionary measure, pending further consideration of the issues raised by Boquerón. The order was to be served on the offices of the Ministry of Industry and Commerce, the Ministry of the Treasury, the National Police, the National Customs office and the Trademark Office. The Court, however, refused to provide the plaintiff with an order to produce and sell products under its own DERBY marks.

The judge ordered the precautionary measure granted without notifying BAT. Boquerón appealed this Order seeking the right to manufacture and sell its products. The Court of Appeal rejected Boquerón’s appeal. Boquerón then approached the court of first instance again, seeking an order to sell and produce its own DERBY branded products. On May 28, 2002, the Court issued an order (“May Order”) authorizing Boquerón to produce and sell products covered by its applications to register the DERBY trademarks in Paraguay.

By May 2002 BAT and BAT Brands became aware of the actions of Boquerón and the decisions of the Court and made application to the first court, challenging the judge, requesting that he be removed from the case (“Recusación”). BAT and BAT Brands also appealed the decisions of the court, asking that the March Order and May Order be declared null. BAT and BAT Brands have also filed a petition with this honorable Court.

## **NATIONAL AND INTERNATIONAL LAWS AND OBLIGATIONS**

The lower court judge clearly erred in his application of Paraguayan and international trademark law concerning the trademark right of exclusivity. Under the Paraguay Trademark Law, Article 15, law 1294/1998, as well as under the WTO TRIPS Agreement, Article 16 (1), the owner of a trademark registration has the exclusive right to use that trademark for the identified goods. While a trademark registration is in full force and effect, even if such trademark registration is under attack, the registration may not be suspended nor may a court require that others be allowed to use the trademark for the same goods.

The relevant sections of both the Paraguayan Trademark Law and of the WTO TRIPS Agreement as to the trademark owner’s exclusive right are as follows:

### **Paraguayan Trademark Law**

Article 15, Law 1294/1998 provides the owner of a registered trademark with exclusive rights to that mark.

### **TRIPS**

A registered trademark owner has exclusive rights to prevent unauthorized parties from using a confusing mark, according to TRIPS, Article 16(1).

This language is clear and unambiguous. Therefore, a judge cannot unilaterally order suspension of an existing registration and the forced coexistence of the trademark owner with a newcomer using the same mark for the same goods.

## **CONCLUSION**

It is essential that a registered trademark owner receive the rights established under the national laws and international obligations of the country where the mark is registered. This is embodied in the laws of Paraguay and the international treaties to which Paraguay is a party.

INTA respectfully asks this honorable Court to consider these submissions carefully when reviewing the case involving *Tabacalera Boquerón, S.A. v. Nobleza Piccardo Saci and/or British American Tobacco Company and/or British American Tobacco Company (Brands) Limited*, and in particular, declare that the trademark right of exclusivity be upheld.

Thank you for your consideration, very truly yours,

Alan C. Drewsen  
INTA Executive Director

cc: Tabacalera Boquerón, S.A.  
Nobleza Piccardo Saci  
British American Tobacco Company  
British American Tobacco Company (Brands) Limited