

December 19 2011

The Honorable Exchequer Court, First Chamber of Paraguay

Delivered by Hand

Regarding: Contentious Administrative Action entitled: *UNILEVER N.V. against Resolution No. 537 of August 25, 2010 and Resolution No. 241 of October 24, 2010, issued by the Industrial Property Directorate*

ABOUT INTA

INTA is a not-for-profit membership association created in 1878 for the support and advancement of trademarks and related intellectual property as elements of fair and effective national and international commerce. The Association is made up of more than 5900 trademark owners and professionals from 190 countries who share a common interest in the protection and development of trademarks and trademark laws. The membership includes small and medium-size companies, large multinational corporations, law firms, trademark consultants and academic institutions representing all sectors of industry. INTA has numerous members in Paraguay.

One of the purposes of INTA is to encourage the development of clear and consistent principles, worldwide, regarding trademarks issues and unfair trade practices. INTA is an accredited, non-governmental observer of the World Intellectual Property Organization (WIPO) and, as such, takes part in the meetings of WIPO relating to trademarks. INTA participated in the drafting of the Trademark Law Treaty (1999) and played a pivotal role in the creation of the Uniform Domain Name Dispute Resolution Policy (1999) which was adopted by the Internet Corporation for the Administration of Names and Numbers (ICANN), and which is administered by WIPO and other mediation service providers.

INTA also works with legislatures and trademark offices around the world, basing its analysis and comments on its Model Law Guidelines (revised 2007) and Model Guidelines on Trademark Examination (revised 2007). INTA was instrumental in the drafting and enactment of the Trademark Dilution Revision Act (TDRA) by the U.S. Congress in 2006 and most recently submitted comments to the Brazilian Congress on the revision of its anti-counterfeiting laws.

Since 1916, INTA has acted as advisor to courts in several jurisdictions, as an “*amicus curiae*” in countries where such procedural position is accepted, or through other legally recognized procedural positions. Several amicus briefs may be found on INTA’s website www.inta.org. INTA made such a submission to the Supreme Court of Paraguay in March 2003 in the case of

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Tabacalera Boqueron S.A. vs. Nobleza Piccardo S.A.C.I. and/or British American Tobacco Company and/or British American Tobacco (Brands) Limited, providing their opinion as a third party interested not in the outcome of that specific matter but in the general criteria to be determined in such case. We are pleased to note that the Supreme Court did render a final decision in that case consistent with INTA's position.

CASE IN REFERENCE

The International Trademark Association (INTA) respectfully submits this letter to the Honorable Judges of the Exchequer Court, First Chamber, to assist in the resolution of the referenced Contentious Administrative Action initiated by UNILEVER N.V. seeking revocation of Industrial Property Directorate's (DPI) second administrative resolution No. 241, which confirmed on appeal first administrative resolution No. 537, rejecting the trademark application "ENSUCIARSE HACE BIEN" Y ETIQUETA ("DIRT IS GOOD" AND DESIGN). The grounds for the rejection of the trademark were that it was found to be contrary to the law, the public order, morality or good customs, and to public health.

This case highlights the need for specific standards for refusing the registration of a trademark based on the broadly worded provision of the trademark law and the application of a specific article of the Paraguayan Constitution regarding protection of public health. INTA believes that such standards should include a clear analysis that addresses: why a trademark per se may be contrary to public health; the use of the trademark and the context of that use; whether a trademark conveys a message that may be interpreted to be contrary to public health; and whether other government regulatory agencies have allowed the mark at issue to be used even without registration. Not only would this avoid decisions by DPI from appearing to be arbitrary, it would establish standards for refusing registration of a mark on the basis that it is contrary to health and would set a precedent on which future applicants may rely.

INTA hereby provides its position from the viewpoint of an experienced international association of trademark owners and experts in the area, in the hope that it may bring support to the Exchequer Court in the resolution of this case. INTA therefore respectfully requests this Honorable Exchequer Court to take into account the following considerations.

SUMMARY AND BACKGROUND OF THE CASE

On September 3, 2009, Unilever N.V. applied for registration in Paraguay of the trademark ENSUCIARSE HACE BIEN (SLOGAN) y ETIQUETA under Serial No. 31568/2009, to cover products included in class 3 which includes washing detergents. The slogan has been extensively used in Paraguay and other jurisdictions in advertising campaigns that imply that children should have the freedom to play without fear of getting their clothes dirty because the clothes they wear can be easily cleaned with Unilever products. The Examiner considered that the mark was available for registration, but the Head of the Trademark Section at the Paraguayan Trademark Office rejected the application on the grounds of Art. 2, subparagraph (a) of the local Trademark Law, which provides that "*the registration as trademarks of any signs or distinctive*

elements that are contrary to the law, the public order, morality or good customs is hereby forbidden” (by Resolution No. 537 of August 25, 2010).

On October 5, 2010, Unilever N.V. filed an administrative appeal against Resolution No. 537, and on October 24 of 2010, by Resolution No. 241, the Director of the Industrial Property Directorate confirmed Resolution No. 537, rejecting registration of the mark. The second instance resolution sustains that the criteria to determine registrability of the mark at issue must be restrictive, because it is a matter that deals with health and is in violation of Section 68 of the National Constitution, which establishes that *“the State will protect and promote health as a fundamental right of individuals and the community.”*

On December 13, 2010, Unilever N.V. filed an appeal before the Exchequer Court, First Chamber for these administrative resolutions to be revoked.

CONSIDERATIONS

The case provides ample evidence to warrant the following considerations:

1. If Article 68 of the Paraguayan Constitution is to be applied under the Trademark Law, *i.e.*, that the trademark is *“...contrary to the law, the public order, morality or good customs”* and now also includes matters of public health, then the decisions under Resolutions Nos. 537 and 241 should have provided a clear analysis of why the trademark at issue conveys a message that may be interpreted to be contrary to public order, morality, or to the protection of health, and, consequently, unregistrable.
2. Neither decision explains how or why the mark is contrary to health. The second instance decision (Resolution No. 241) mentions that it does not agree with the appellant in the sense that the phrase *“ensuciarse hace bien”* cannot be related to the idea that dirt is beneficial (and even less related to a child’s integral development), and that by referring only to the benefits *“of getting dirty,”* the trademark application violates all principles of health protection. However, like the initial decision (Resolution No. 537), the second instance decision fails to explain how such a trademark can have a message that is contrary to health when it is assessed without any specific context.
3. The decisions in this case only mention that the message of *“getting dirty”* (part of the slogan for which registration is being sought) is contrary to the protection of health. In addition to taking into account the use of the mark, the context of that use should be taken into account, or, at a minimum, the Trademark Office should provide an explanation of how a trademark can be contrary to health as a *per se* matter, without considering the product which the slogan is advertising or the advertising materials on which the slogan is being used.
4. The mark at issue is a slogan which is already in use in Paraguay, and there appears to be differing views among government agencies in terms of the acceptability of the slogan.

For example, the relevant authorities that deal with advertisements have never objected to the Unilever campaign as being “contrary to health.” Such actual use and the apparent approval by other regulatory agencies should be taken into account in considering an application for a trademark.

CONCLUSION

These decisions by the DPI demonstrate a need for guidelines for analyzing or explaining how the trademark that is applied for conveys a message “contrary to health,” in order to eliminate arbitrary rulings and to establish reliable standards and a clear precedent on which future applicants can rely. This would also avoid the anomalous situation in which the user can continue to use the mark - because the relevant authorities find nothing wrong with the slogan – but, according to the trademark authorities, cannot protect the mark through registration.

Although INTA expresses no view on the ultimate outcome of this proceeding, we respectfully urge the Exchequer Court, First Chamber to provide clarification of the specific standard for refusing registration of a mark on the basis that it is contrary to health.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Gerhard Bauer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gerhard Bauer

President

Cc: Industrial Property Directorate
Unilever N.V.