



JUDICIARY POWER
6th Central Civil Court of the Capital

The original document contains a stamp on its first page with the inscription: "CONCLUSION", dated OCT 21, 2005, as well as the name César Augusto Fernandes and a signature; however most of the stamp itself is illegible.

Case: 000-05-058780-3

6th Central Civil Court of the Capital

Plaintiffs: Allergan, Inc. and Allergan Produtos Farmacêuticos Ltda.

Defendant: Klein Becker USA, LLC

Initials.

Allergan, Inc. and Allergan Produtos Farmacêuticos Ltda. file a suit against Klein Becker USA, LLC, under the allegation that it holds title over the "botox" brand and similar, and the defendant uses the expression "better than botox?" in publicity, under infringement. It requests the condemnation of the

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defendant to abstain from using the expression "botox" and indemnification of damages.

The defendant opposed the suit, with defective preliminary pleading for the indemnification request, because conditional; in the merit, it defends the challenged expression to say that there is no infringement against the brand of the plaintiff. There was a reply.

This is the necessary report.

I directly accept the request, pursuant to the terms of article 330, I, of the Code of Civil Procedure, because the settlement of the issue does not contemplate any controversy of a relevant fact, but rather judicial matter to be settled. All of the important facts or not are controverted, and do not depend on evidence (article 334, III, of the Code of Civil Procedure), or depend only on documentary evidence, which is already or should be in the records, and no oral evidence is necessary to initiate the instruction.

The preliminary shall be accepted, but it does not reach the entire initial complaint, which has two

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accumulated requests, otherwise part thereof for the last request, of an indemnifying nature.

Thus, the jurisdiction is concrete, and is supported by allegation of occurred facts, or, in preventive caution, facts to occur, but then it is cautionary granting, rather than condemning. In the event of indemnification, the party cannot request indemnity for eventual facts, not occurred yet. The sentence would contain "if and when" the final infringement is verified. The condition cannot be subject to condemnation.

As far as the indemnification request is concerned, the process is extinct, for lack of presupposition of valid constitution of the process, defective initial complaint. The process follows to the request of condemnation to the obligation of not to do.

At this point, the core of the issue is in the allegation of impossibility of the defendant to use the expression "better than botox", or "*melhor que botox*" in any other publicity of its product that contains the expression "botox", protected by trademark for the plaintiff.

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And I believe that the use challenged by the plaintiff is really a case of parasite competition, a kind of disloyal competition.

A company cannot use the name or brand of another, already known in the market, to try to leverage the name of its product, for any reason whatsoever. The plaintiff incurred expenses and developed its product to reach the current point of notoriety of the expression "botox", which represents a cosmetic product for treatment of wrinkles.

The defendant acts in the same field, and with products for the same purpose. Then, it employs in its publicity the third party's brand so that the recipient of the information, the consumer that already known the "botox" brand, can compare it to the new product. It uses a famous expression to advertise another product.

This conduct, undoubtedly, is a case of parasite competition. The defendant should try to make its product known without trying to relate it to the product of the plaintiff, with express mention to the brand that is legally protected and duly registered.

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A precedent of the Council of Ethics of the CONAR is suitable to illustrate such conduct:

Representation No. 044/91

Accusing Party: Companhia Cervejaria Brahma

Accused Party: advertisement "Dab, German: No. 1 among the beers in its country"

Advertiser: Gisa - Comércio, Importação, Exportação

Agency: Publicidade Archote Ltda.

Reporter: Couns. Mario Oscar Chaves de Oliveira

The opinion offered by Couns. Mario Oscar Chaves de Oliveira was unanimously accepted and considered by the Chamber as a source for other judgments of the Council of Ethics.

Companhia Cervejaria Brahma, invoking articles 27, 32, 37, 41 and 43 of the Brazilian Code of Publicity Self-Regulation, proposes representation against GISA - Comércio, Importação, Exportação, having as its object the advertisement transmitted by the printed media, known as: "DAB, GERMAN: No. 1 AMONG THE BEERS IN ITS COUNTRY".

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The requester alleges that it is the owner of the BRAHMA brand for almost one century, a notorious brand, as determined by the INPI.

It also states that, through a great publicity campaign, it signed its beer product, BRAHMA brand, with the sentence "No. 1 Beer", and today, for the consumer, the association between the signature and the product is established, as a result of the expenditure of a huge sum of resources and the brightness of the publicity creation.

It so happens that the requesting party, through Publicity Agency Archote Ltda., had two 600-ml bottles of beer, in natural size, identifying them as "NO. 1" and "The best beer in Brazil" printed on an entire page of "O Estado de São Paulo" newspaper, placing side by side, by the signature, the two competing brands, BRAHMA and ANTARCTICA. On the next page, it stamped the requested party "Dab, German No. 1 among the beers in its country", "Among the excellent Germans, I find Dab the best", reflecting the opinion of Celso Nucci and Mauro Marcelo Alves.

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The requesting party understands that, by so acting, the requested party violated letter "g" of article 32 of the Code, since it used, in a non-justified way, of the prestige of Brahma and Antarctica, by establishing, based of the images thereof, a comparison with the foreign DAB beer.

In spite of not directly invoking article 1 of the Code, the requesting party alleges that the advertisement is not based on reliable research, thus, the requesting party says that, for anteriority, quality or production volume, DAB is not No. 1 in its country. As to the second affirmation, the requesting party questions the competence and credibility of those that state that DAB is the best. Therefore, the publicity is misleading.

Finally, the requesting party also invokes articles 41, 42 and 43 of the Code to conclude that, either under the point of view of the "leitmotiv" of the creation, or under the viewpoint of the "appeal", "undoubtedly associated to another advertiser", or also for the deliberate copy of the No. 1 expression, there is prohibition on the Code.

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Finally, it requests the suspension of the publicity preliminary order, applying onto the requested party the sanctions of article 50.

Inaugural order so that the representation can be processed pursuant to the terms of article 15 et seq. of the Internal Regulation.

Designated reporter, Counselor José Francisco Queiroz, the requested party and publicity agency Archote Ltda were summoned. On page __ it is stated that Mr. Paulo Gomes Oliveira Filho, in charge of presenting the defense of the accuser, informed via telephone, that he did not receive a copy of the initial complaint. After it was forwarded, a new term was established, which expired, *in albis*, on 04-12-91. The reporting counselor informed about his absence from the country in the months of May and June, and I was designated reporter, by an order of 04-16-91

This is the report.

I did not grant the requested preliminary order for not considering it a question of peaceful solution, since I

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did not find support in the items of article 30 of the *RICE*.

In the merit it seems to me that the invocation of letter "g" of article 32 of the Code brings light to such a tormenting question of parasite usurpation.

Since the 1950's, the Brazilian doctrine creators have been turning their eyes to the so-called "parasite competition", defined as that in which the competitor does not attack in an aggressive fashion, but rather in an indirect, subtle and sophisticated fashion, even in fields of commerce or industry different from that of the attacked party. In Brazil, it was first commented by Sampaio de Lacerda, in his "*Lições de Direito Comercial Terrestre*" (Lessons of Terrestrial Commercial Law), 1st series, Rio, Ed. Forense, 1970, page 202, and Thomas Leonardos, a great deceased master, considered the competition mode disloyal.

The first judicial case that I found on the subject was that of the publisher of the "Burda" magazine against "Casa Editora Vecchi Ltda.", for the use of the name of the German magazine on the cover of the national "Figurino Moderno" magazine, to act as an attraction for

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the feminine clientele, whose decision was only awarded after the publication of the 12th issue of the Brazilian magazine.

Other famous cases involve the use of the prestige of "Old Eight" by "Royal Label Black" and of the "Colas", Coca and Pepsi, by a cola brand, Araldite.

In the USA, the most famous case (Inter.News, Service x Associated Press) permitted the Supreme Court to establish the "passing-off" of the English doctrine in the aphorism "Nobody can reap where he did not sew".

In Italy, the Appellate Court decided that "the businessman that gets into the path of the competitor, in a systematic and continuous way, takes advantage of the studies, preparation expenses and penetration of the competitor, by using the accomplishment already achieved, but avoiding the risk of failure" (Riv. Dir. Int., 1962, vol. II, page 12 et seq.)

The comparative publicity is undoubtedly valuable, because it permits the opening of the market to new products, providing information to the consumers, teaches David I. C. Thompson. As per the recent National Consumer

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Defense Code, the reliability on the information brought by comparison to the consumer is even greater, because, otherwise, we will be before the violation of the veracity principle, characterizing, therefore, the misleading publicity, considered as crime by that statute.

Nevertheless, when the American and Italian jurisprudence focus of the "reap where you did not plant" and "the use of accomplishments already achieved, avoiding, however, the risk of failure" it seems to me that they hurt the right point. I wonder if it is ethical to use the prestige of third parties, constructed with expenditures of funds and creativity, to promote, without any risk, another product. I wonder if it is ethical to place competing products at the same level, without authorization, as thesis and antithesis, for completion of a synthesis in favor of a third product. What benefit or clarification is, in this case, brought to the consumer? It seems to me, with my apologies for those that disagree, that the parasite usurpation thesis, brought to Brazil by Prof. José Carlos Tinoco Soares, is extremely opportune.

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That which, without any risk whatsoever, takes advantage of the prestige of a brand, chiefly a notorious brand, to promote other products, is usurping the prestige of others. The notorious brand is known to protect the product in all classes because it does not represent only its nomination, but it also identifies it as quality, achieved with tradition, effort and intense publicity by its manufacturer.

Thus, it does not seem to me that, on the ethical plan, the requirement of letter "g" of article 32 of the Code may be set aside to a second plan. In this case, I understand that such rule was violated ¹.

Thus, it is precisely the hypothesis of the records. The defendant uses an expression, protected by trademark; by the way, to bring all the prestige contained therein to lend to another product, but without any risk, because it did not invest any resources for the development of the fame that the brand used under parasite competition already has in the market.

¹ Sítio virtual http://www.cenar.org.br/html/decisoes_cj_casas/casas/cond/prestigio_cas23Jun

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Comparative publicity is healthy, and is even destined to avoid monopolies. However, such publicity must respect the mark of the other, which, for being registered, can only be used with the authorization of its proprietor, and by nobody else.

The defendant should provide notoriety and publicity to its product without trying to borrow of the prestige that the brand of the plaintiff already has. I consider this attitude a violation of the trademark law, for parasite competition.

Finally, the noncompliance penalty may not be established as a daily fine, since it would not be a prolonged action, but rather stagnant and autonomous uses. Therefore, a fine for undue use of the "botox" brand is established, and on a level that is really discouraging, for which reason it is arbitrated at a higher value than that requested in the initial complaint, within the terms stipulated by article 461, § 6, of the Code of Civil Procedure.

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The defeat is reciprocal, because the plaintiff failed one request, indemnification, for defective pleading verified by the contrary party; but won the other.

I EXTINGUISH THE PROCESS, WITHOUT MERIT EXAMINATION, for lack of procedural presupposition, based on article 267, IV, of the Code of Civil Procedure, in relation to the indemnification request; moreover, I reconsider the dismissal of advanced granting, to liberate it on this occasion, and CONSIDER THE ACTION GROUNDED, confirming the grant of the preliminary injunction, to sentence the defendant to abstain from using the "botox" brand without written authorization of the plaintiff, on the national territory, by itself or any representative, in any type of written or spoken publicity, penalty of one hundred thousand reais (R\$ 100,000.00) [around forty thousand dollars - US\$45.000,00] per act of undue use. Due to the reciprocal defeat, each party shall bear half of the expenses and the respective lawyers' fees are compensated, pursuant to the terms contained in the heading of article 32 of the Code of civil Procedure.

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To be Published, registered and serviced.

São Paulo, November 1, 2005

Signed by:

CESAR AUGUSTO FERNANDES

Designated Deputy Judge

*The original document contains the regulatory certificates
and registrations on the last page*

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