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Uruguay: Trade Dress Recognized For The First Time In Usd 500,000 Damages Award

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On 12 June 2015, four Montevideo stores were detected selling perfumes that used trademarks and imitated the general appearance of trademarked products without authorization.

The perfumes were: “HUGO BOOS, LOCASTE, SPORT HILFIGER, STORY OF FLOWER, POISON, CHANGL, ANGEL OU DEMON, J`ADOTE, J`ABEA”, and inside the stores posters advertised “COCO CHANEL PERFUMES and FLOWER KENZO”.



In June 2016, the trademark owners submitted a civil lawsuit against D.S.A. and C.C. to the Civil Court of First Instance No. 20 for trademark and trade dress infringement, and unfair competition, requesting the payment of damages.

Judgment

In September 2017, the Judge of the Civil Court of First Instance No. 20 issued final judgement in favour of the trademark owners ordering the defendants D.S.A. and C.C. to:

“a) Cease in the use of individualized brands and/or trade dress and cease the commercialization of the products in the present form of presentation.

b) Pay damages caused to the claimant company”.

The Judge also stated that the unfair competition alleged by the plaintiff and denied by the defendant should be analysed according to Article 10 of the Paris Convention and Uruguayan law.

From the analysis, the Judge stated that “the defendant has engaged in unfair competition (an unlawful act contrary to good faith), incompatible with the duties of commercial ethics”.

The Judge decided that the evidence submitted proved that the original and counterfeit perfumes were confusingly similar mainly because the brand names and the external appearances were almost identical. The expert report submitted in the case was a key factor in the Judge coming to this conclusion.

Regarding damages, the Judge indicated that the amount to be paid by D.S.A. and C.C. should be settled in the incidental procedure described in the applicable law based on a percentage of the sales made by the infringer from which it benefited unlawfully at the expense of the claimant.

The judgement was not appealed by the defendant and in June 2018, the Judge issued a further judgement on the amount to be paid by the respondent. The damages requested were in excess of 680,000 USD as compensation for the benefit obtained by the defendant to the detriment of the claimant. The Judge asserted that, as per the judgment on the merits, the basis for quantifying the damages was a percentage of the benefit obtained and not the total benefit, therefore reducing the damages to roughly 400,000 USD.

The judgment was not appealed.

Conclusions

This is a very important case as it is one of the first times that Uruguay courts have ordered a counterfeit goods and trade dress infringer to pay damages to a trademark owner.

- “Trade dress” is once again recognized by the Uruguayan courts.
- It is once more recognized that “our version of” constitutes unauthorized use of a trademark and, therefore, a trademark infringement.
- It orders the payment of a considerable amount in damages by a trademark and trade dress infringer of approx. USD 576,600 after indexation and taxes
- It is the first judgment in Uruguay ordering the payment of such a high percentage (70%) for damages originating in intellectual property and trade dress infringement.

This sentence places Uruguay in a key position in terms of the prosecution of intellectual property infringers.

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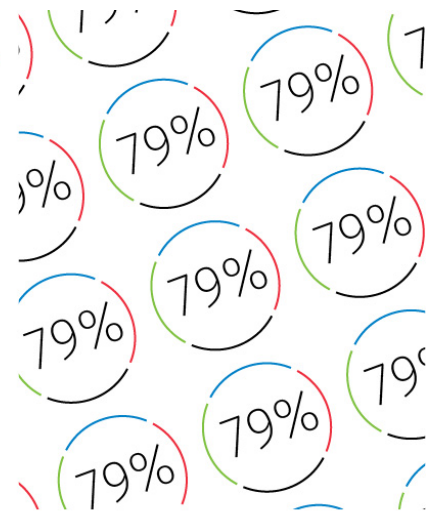
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