

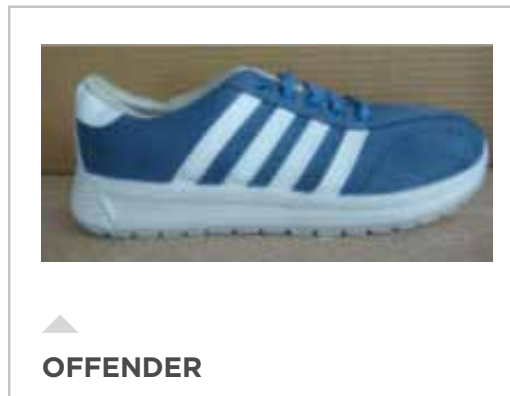
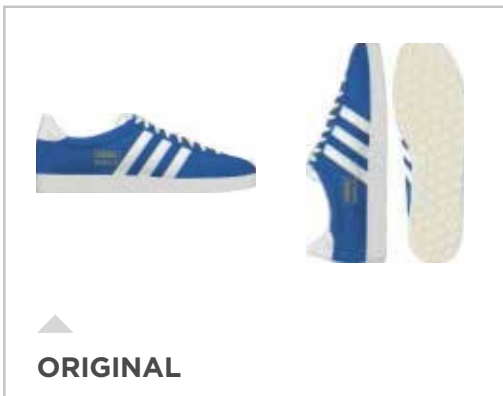
adidas / the three stripes: notorious and distinctive trademark.

Background and outline of case

Adidas discovered that a major chain of clothing and footwear in Uruguay was selling sport shoes using a four stripe design, an element that infringed their trademark rights and constitutes an act of unfair competition.

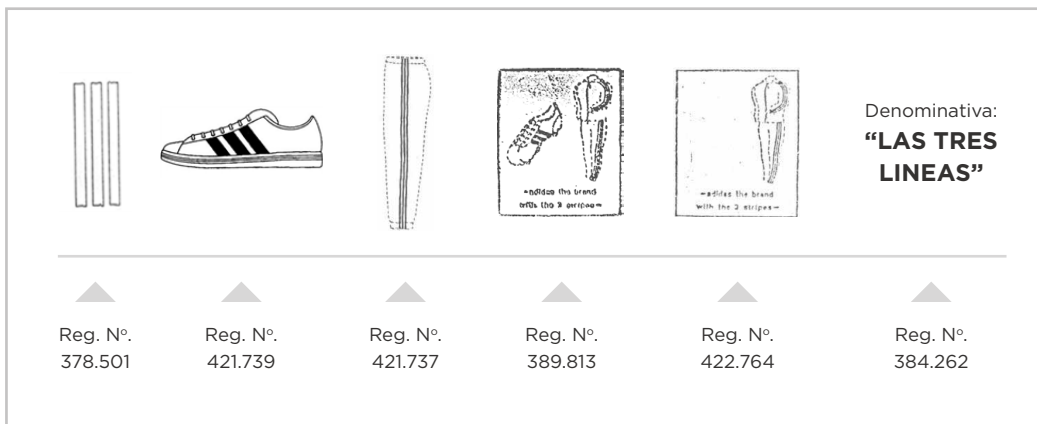
In 2013, adidas sent a notarized notification to the owner of this major chain, informing that the incorporation of products using four stripes, was too similar and implied a strong likelihood of confusion with their well-known “three stripes” trademark. Since their rights were being infringed, they requested to stop the use and commercialization of these products.

Client	ADIDAS
Country	Uruguay
Case	THREE STRIPES: Trademark annulation and unfair competition



The offender did not comply with the notice, and on the contrary, opted to start litigation, both in the administrative and judicial area with the intention of continuing with the sales.

In the administrative proceedings, they requested the cancellation of the registered trademarks N°. 378.501, N°. 421.739 and N°. 384.262, of adidas based on Articles 4 subsection 11 and 5 subsection 7 of Law N°. 17.011, stating that adidas' trademarks didn't meet the requirements of novelty and distinctiveness required by law.



Distinctiveness is one of the functions of the brand, likely the most important, through which the sign distinguishes the product or service of a merchant, from other products or services marketed or provided by other merchants.

The "three stripes" trademark, was designed by Adi Dassler in order to identify his sport shoes from those made by other manufacturers. It was first used in adidas footwear in 1949 and over the years the trademark acquired iconic status.

Arguments of the other party

The arguments on which the application for cancellation was based, were the following:

- Adidas trademarks do not meet the distinctiveness requirements established by the legal standard. That is to say, they do not possess novelty, individuality or distinctiveness, in other words, they are simply three stripes.
- Among other grounds, the applicant stated: *"The trademark N°. 378.501 consists of three vertical stripes, without any context, without color and without any further reference. Trademark N°. 421.739 consists of a sport shoe with three inclined lines, without context, color or reference. The trademark N°. 384.262, is a word mark that says 'the three lines' and nothing more".*
- *"Registered trademarks and those whose nullity is requested are bereft of any reference to adidas or to the transcribed sign, which would be genuinely registrable in the DNPI" (Uruguayan Trademark Office).*

- *“Essentially, what the three brands claim to protect are the three stripes, and those three stripes have no novelty and do not allow a proper distinction of the brand”.*
- *“Three stripes do not make a brand, and neither does a sports shoe with three stripes, for which reason we request the annulment of both trademarks”.*

In addition, the applicant claimed the existence of unfair competition:

- *“It is clear that the registration of three stripes, in addition to being absolutely null, cannot result in the exclusivity of the use of stripes in products of the same class. Although we said in the civil sphere that (XX) does not compete with adidas, because it does not target the same market sector, the fact is that adidas intends to displace (XX) of any possibility of competition”.*
- *“This conduct, preceded and based on the registration of signs without novelty and of general use, is an anticompetitive behavior that is already regulated by article. 5, subsection 7 of Law N°.17.011”.*
- *“The true purpose behind the actions of adidas, is to extend, abusively and unlawfully its trademark monopoly on the three stripes which -when used by other companies- lead adidas to face the possibility of competition”.*
- *“Adidas displays frightening behavior, claiming a monopolistic trademark right, which in purity suffers from defects that deserve the nullity of their marks.”*

Adidas response and evidence filed

Adidas' response:

- The “three stripes” brand has a degree of distinctiveness and undisputed notoriety, that transcends geographical and political borders, positioning it globally within the group of trademark signs with universal notoriety.
- There is no intent to compete unfairly. Adidas simply acts in defense of its legitimate rights. It is precisely because of the success of the “three stripes” trademark, and the products identified with it, that there are multiple attempts of imitation, such as the one which originated this case.

Key elements of evidence:

Among other evidence, adidas presented the result of a market survey conducted in Uruguay which provided very positive results.

The methodology applied in the survey, as well as the results, were explained

in detail by the authors during the audience at the DNPI: “*The trademark of the ‘three stripes’ is, without any doubt, distinctive and associated with adidas. The surveyed who are shown a sport shoe with the three stripes, without any other mention, identify it immediately with adidas and likewise in the case of clothing, the three stripes located on the side of a trouser, jacket or t-shirt is associated immediately with adidas*”.

The previous TMO Resolution dated on April 21 of 2008 was also submitted as an evidence.

Same rejected a trademark application of four stripes (figurative) made by a local company as a consequence of the opposition presented by adidas on the basis of its trademarks N°. 421.739 and N°. 422.762. In the same resolution, the TMO rejected the registration of the four stripes for being confusingly similar with the three stripes mark. It was also recognized that the mark of the three stripes is widely known ensuring that: “*it is the company that has distinguished itself worldwide by its brand of the three stripes...*”.

Comments on the resolution of the trademark office

On October 17, 2016, the Uruguayan Trademark Office **rejected the application for the cancellation of the adidas trademarks.**

The resolution was a result of a detailed analysis of the allegations and evidence provided in the respective file.

Said resolution states:

*“The cancellation request cannot be accepted, since the study of the file and the evidence filed are not sufficient to prove what is alleged in order to consider that the contested trademark is affected by the prohibition established in subsection 11 of Article 4, or by the bar in Article 5 subsection 7 of Law N°. 17.011. **The trademark presents characteristics of novelty and distinctiveness, taking into account that distinctiveness is the ability of a sign to individualize, identify and differentiate in the marketplace from other products or services, and help consumers or users to be able to differentiate them.***

Regarding the allegation of unfair competition, the elements required for such figure are clearly not established in the presented evidence, that is, misappropriation of a third party's reputation, based on years of work, high quality, expensive marketing and advertising campaigns, the possibility of obtaining an unfair benefit from the name of competitors, the possibility of confusion of the origin or provenance of the products or services which are intended to be identified as such, attracting clients by disloyal means. We consider that the

alleged intention to act disloyally is not proven, nor has it been shown that the petitioner has lost prestige or reputation arising from the registrations filed.

On the other hand, there is no doubt that the trademark with the three stripes is widely known as being the trademark of adidas, a fact that cannot be overlooked in the consideration of the present proceedings”.

The decision adopted therefore not only rejects the request for cancellation of the three stripes trademarks of adidas because it considers that they are clearly distinctive, but also recognizes the reputation of the brand and its association with the firm adidas.

Conclusions

- **Adidas always acted in defense of its Intellectual Property rights and succeeded on its action to uphold the distinctiveness and notoriety of a brand already recognized by many other jurisdictions around the world.**
- **A survey was incorporated as a mean of evidence that provided powerful proof of the consumer’s recognition within Uruguay of the three stripes brand and its association with adidas.**
- **The resolution of the Uruguayan Trademark Office was conclusive, recognizing the clear distinctiveness of the trademark of the three stripes designs, declaring them to be notorious and distinctive.**

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