

Intellectual Property - Ecuador

Trademark Registration of Common Bottle Shapes

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Introduction

Over the past few years, courts in South America have adjudicated disputes involving the registration of bottle shapes for soft drinks and beer as trademarks.⁽¹⁾ A key issue in these cases was whether the shape of a bottle itself, without any labels or other distinctive features, can be a source identifier (ie, a trademark).

One of the most controversial cases on this issue took place in Ecuador. A local brewing company, *Compañía de Cervezas Nacionales*, secured several trademark registrations for the shape of a beer bottle between 1988 and 1991. One of the certificates of registration granted the applicant the exclusive right to use the shape shown below:



The Ecuadorian IP Law⁽²⁾ and Decision 486 of the Cartagena Agreement⁽³⁾ grant the owner of a trademark the right to prevent third parties from, among other things, using the trademark or a similar or identical sign for products covered by the trademark, as well as importing, exporting, storing or transporting products bearing the trademark, without the owner's consent.

Therefore, pursuant to the trademark registrations, *Compañía de Cervezas Nacionales* had - and still has - the right to prevent competitors from selling and importing products covered by its trademark in filled bottles whose shape is identical or similar to that of the registered bottle shape without the consent of *Compañía de Cervezas Nacionales*.

Compañía de Cervezas Nacionales filed its first claim against a competitor around 1992. After several civil and criminal proceedings, courts prohibited the infringing brewing company from using this particular bottle shape to sell or market its beer on the Ecuadorian market.

When Brazilian brewing company Ambev entered the Ecuadorian market in 2004, *Compañía de Cervezas Nacionales* filed another claim. Ambev intended to produce and sell its product (*Brahma*) in bottles whose shape was identical to that registered by *Compañía de Cervezas Nacionales*. The bottle that Ambev intended to use in Ecuador was the same bottle as that used in Brazil. After the companies failed to reach a settlement, *Compañía de Cervezas Nacionales* sued Ambev and obtained an injunction prohibiting Ambev from using the bottle shape in question to sell beer in Ecuador.

This update reviews both the practical effect of trademark registrations (eg, those obtained by *Compañía de Cervezas Nacionales*) and their impact on the theoretical grounding of trademark law and general principles. Can these trademarks be said to foster competition, which is inherent to the logic underlying trademark law both in the United States and in South America?

Ecuadorian Law

When a trademark application is filed before the Ecuadorian Institute of Intellectual Property,⁽⁴⁾ the institute must assess its registrability. The institute first determines whether the proposed sign is sufficiently distinctive to be registered. The IP Law 1998

allows the registration of a sign as a trademark only where the sign is sufficiently distinctive and may be graphically represented.⁽⁵⁾ Furthermore, the sign must not fall within the prohibitions established by law (eg, signs using the usual shapes of products or packaging).⁽⁶⁾

Recent holdings by the institute appear to have followed these provisions. For example, in 2005 the institute's Trademark Department denied Compañía de Cervezas Nacionales's application for the registration of a trademark depicting the bottle shown below, as it was a common shape that lacked distinctiveness and was not protectable under trademark law:



Considerable similarities exist between Compañía de Cervezas Nacionales's previous applications and the 2005 application. As a consequence, the following questions arise:

- Why are the previous registrations granted to Compañía de Cervezas Nacionales still in force?
- Why did the Ecuadorian authorities grant such registrations in the 1980s but deny registration of a similar bottle in 2005?
- Did the authorities consider that the initial sign was distinctive and uncommon at the time of the first application, only to find, many years later, that a similar bottle shape was unworthy of such protection?

Therefore, it seems that the criteria for identifying distinctive bottle shapes are unclear.

Regional Law

Regional legislation on the issue supports Ecuadorian law. Decision 486 of the Cartagena Agreement, which has been applicable in Ecuador since November 2000, states that any sign capable of distinguishing goods and services on the market may be registered as a trademark.⁽⁷⁾

Decision 486 also establishes that signs may not be registered as trademarks where they consist solely of the everyday shape of goods or their packaging, or where their characteristics are dictated by the nature or particular function of the product or service in question.⁽⁸⁾

Application of *Seabrook* Test

Even though recent holdings by the Ecuadorian authorities seem to have followed the applicable law, the test proposed by the *Seabrook* court⁽⁹⁾ might be helpful in establishing a consistent litmus test for future cases involving the registration of bottle shapes.

In *Seabrook*, the US Court of Customs and Patent Appeals had to determine whether the appellant's logo - a stylized leaf - deserved trademark protection. The court assessed whether the logo was:

- a common basic shape;
- unique in the market;
- a mere refinement of a well-known form of ornamentation for a particular class of goods; and
- capable of creating a commercial impression distinct from the accompanying words.

Following the language of *Seabrook*, the key question is whether the design of Compañía de Cervezas Nacionales's bottle (shown below) functions independently of the word 'Pilsener' and other elements of the mark, thereby identifying and distinguishing the goods of Compañía de Cervezas Nacionales from those of other companies.



Is the design unique or unusual in the beer market?

In order to determine the uniqueness of the shape and design of the bottle in question, one needs to compare it with other bottles in the beer market, as shown below:



These bottles are just a few of the products present in the beer market that are very similar - if not identical - to the bottle shape that Compañía de Cervezas Nacionales registered between 1984 and 1991. This strongly suggests that Compañía de Cervezas Nacionales's bottle is neither unique nor unusual in the beer market.

Is the design considered to be a well-known form of beer ornamentation?

The design of Compañía de Cervezas Nacionales's bottle is so common and usual that it is no more than a mere refinement of a commonly adopted form of ornamentation for beer products. The bottle presents only the shape and design that are necessary to achieve its objective (ie, to be filled with beer or another kind of liquid).

Is the design capable of creating an impression distinct from the accompanying label?

Besides the Pilsener beer, Compañía de Cervezas Nacionales also sells other brands of beers, including Dorada and Clausen, in the Ecuadorian market. All these products share the bottle shape shown below:



If the labels were removed from the bottles, could one claim that the sole shape or design of the bottles created a commercial impression such that consumers could identify Pilsener, Dorada and Clausen beer simply by looking at the shape of the bottle?



Consumers cannot identify these brands of beer only by looking at the design or shape of the bottle. Consequently, courts should take judicial notice that the sole design or shape of a bottle does not create a commercial impression that is distinct from the accompanying words or label.

After assessing each element considered by the *Seabrook* court, it seems likely that no US court would find the bottle shape in question - independently of any other elements - capable of identifying or distinguishing Compañía de Cervezas Nacionales's goods in the market. The bottle must be presented with other packaging elements and always with its label.

Comment

Granting a single company the exclusive right to use a common shape or design puts healthy competitors in danger and is unfair towards other competitors. Such registration allows the trademark owner to prevent any use of its registered trademark, including the sale, importation and exportation of similar or identical products. Therefore, the registration of Compañía de Cervezas Nacionales's trademarks and other similar trademarks should be rescinded, as they expressly infringe national and regional law.

Courts in the Andean Community (and especially in Ecuador) might find the *Seabrook* test helpful to avoid future attempts by companies to monopolize common and usual shapes. If Ecuadorian courts applied this test, new competitors and importers in the beer market (and other markets) would probably not face the current problems.

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Endnotes

- (1) For example, courts in Ecuador, Colombia and Peru.
- (2) Statute governing principally patents, copyrights and trademarks.
- (3) Legislative act of the Commission of the Cartagena Agreement on a common regime on industrial property which covers patents, utility models, industrial designs, trademarks, advertising slogans, collective trademarks, certification marks, trade names and geographical indications.
- (4) Authority in charge of registering patents, trademarks and copyrights.
- (5) Article 194 of the IP Law.
- (6) Article 195 of the law.

(7) Article 134 of Decision 486.

(8) Article 135(c) of Decision 486.

(9) *Seabrook Foods, Inc v Bar-well Foods Ltd*, 568 F2d (CCPA 1977).

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