

Intellectual Property - Argentina

Calculation of amount claimed in trademark infringement cases

Contributed by **Obligado & Cia**

November 11 2013

Introduction
Recent decision

Introduction

One of the crucial foundations of many current economic systems is the legal regime relating to trademarks. Modern society constantly demands new, safe and efficient quality products. In most cases, these demands can be satisfied only by making important investments in product development. It is therefore essential that the legal system that regulates commercial trademarks ensures that any unfair benefit derived from the unauthorised use of a third party's trademark is avoided.

Any activity that causes damage creates a need for appropriate reparatory mechanisms. A party that infringes a trademark uses something that does not belong to it in order to obtain a benefit. However, if the only legal consequence of such misappropriation is an order that the infringer cease the use of a third party's trademark, without reasonable monetary compensation being imposed, potential infringers may come to expect virtual impunity for such illegal behaviour.

Any person considering engaging in illegal activity is likely to make a cost-benefit analysis of the expenses that might be incurred from such activity, based on the damage caused to the affected party's property. If the infringer's property were affected to a lesser extent, or if judges were systematically to impose low compensation, trademark infringers might conclude that the benefits of breaking the law would be greater than any eventual compensation that they might be forced to pay. Such a situation is likely to promote illegal behaviour in future. Both the law and judges should therefore ensure that real rather than symbolic damages are applied in such cases, thereby discouraging potential infringers of IP rights, especially trademark rights.

Recent decision

In many trademark infringement cases, it is difficult (or even impossible) to assess or determine the amount claimed as damages at the time when the complaint is filed, since that assessment or determination is based on the production of relevant evidence (eg, an accounting expert's report of the defendant's accounting books), and can therefore occur only at later stages in the legal procedure.

On November 18 2012 Division I of the Federal Court of Appeals in Civil and Commercial Matters, in *Louis Vuitton Malletier v Guerassimov Alexandre*, considered in a reasonable interpretation that one of the situations specified by the Code of Procedure to be applicable in relation to a claim for damages. The relevant section of the code (Section 330(6)) expressly releases the plaintiff from the burden of having to determine the amount to be claimed when such a determination is necessarily and essentially subject to evidence to be produced at a later stage of the legal process.

The defendant had filed a motion to dismiss based on the complaint being defective. This defence is admissible when the complaint does not comply (in form and content) with the legal provisions (eg, when the different entries making up the amount claimed are not detailed in a complaint for damages). The first instance court denied the motion.

The defendant further stated that he was "a small informal merchant... who is not bound to keep accounting books or commercial records", thus making it impossible to obtain an eventual accounting expert's report. However, the appellate court held that the defendant had acknowledged being a merchant and, as such, was under an obligation to:

- pursue a uniform system of bookkeeping and keep the books necessary to that end;
and

Author

Daniel R Zuccherino



- keep account and justification of his transactions and keep mercantile accounting records organised on a uniform accounting basis, resulting in an accurate view of his business and a clear justification of each and every transaction that should be entered in the accounting records (Sections 33 and 43 of the Commercial Code).

Therefore, the lack of determination of the amount to be claimed as damages for the unauthorised use of a third party's trademark appears to be admissible – according to the court's criterion – taking into account that this amount could be determined only by means of an accounting expert's report of the defendant's accounting books, which he was bound to keep as a merchant.

*For further information on this topic please contact [Daniel R Zuccherino](#) at *Obligado & Cia* by telephone (+54 11 4114 1100), fax (+54 11 4311 5675) or email (dzuccherino@obligado.com.ar). The *Obligado & Cia* website can be accessed at www.obligado.com.*

The materials contained on this website are for general information purposes only and are subject to the [disclaimer](#).

ILO is a premium online legal update service for major companies and law firms worldwide. In-house corporate counsel and other users of legal services, as well as law firm partners, qualify for a free subscription. Register at www.iloinfo.com.

Online Media Partners



© Copyright 1997-2013 Globe Business Publishing Ltd