



## Question Q214

**National Group:** CHILE

**Title:** Protection against the dilution of a trade mark

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### Questions

#### I. Analysis of current law and case law

The Groups are invited to answer the following questions under their national laws:

1. Do the laws of your country provide for protection against dilution of a trademark? If so, which laws?

**Our legislation does not expressly prevent protection against dilution of a trademark.**

**Nevertheless, in our opinion this protection is supported by article 20, letter g, section 3 of our Industrial Property Law (No. 19.039):**

***“Likewise, trademarks registered in Chile that are famous and notorious may bar the registration of other identical or similar signs applied for to distinguish different and unrelated goods, services or commercial or industrial establishments provided that, on one hand the latter have some type of connection to the goods, services or business or industrial establishment distinguished by the well-known trademark and, and on the other, it is likely that said protection will harm the interests of the holder of the well-known registered trademark. In this case, the fame and notoriety shall be determined in the pertinent sector of the public that usually consumes those goods, demands those services or has access to those commercial or industrial establishments in Chile.”***

In addition, more indirectly, Law 20.169, regulating unfair competition treats this concern in article 4 letters a), b) and c).

Law 20.169, in its Article 3 penalizes "*.....all conduct contrary to good faith or good customs, that by illegitimate means intends to divert the clients of a market agent*"

On the other hand, paragraphs a), b) and c) of Article 4<sup>o</sup> of the same Law state:

**Article 4: *In particular, and without limitation, the following will be considered unfair competition acts:***

***a) Conducts that take undue advantage of the reputation of another party, leading to confusion of their own goods, services, activities, trademarks or establishments with those of another party.***

***b) Use of signs or diffusion of facts and assertions, incorrect or false, leading to error regarding the nature, origin, components, characteristics, price, mode of production, trademark, suitability for the objectives it intends to satisfy, quality, and in general, concerning the advantages truly provided by the offered goods or services, either its own or alien.***

***c) All incorrect or false information on goods, services, activities, trademarks or establishments or business relationships of a third party, that may discredit its reputation in the market.***

2. Is there a legal definition of dilution in your legislation or case law?

**We have no formal definition of dilution in our Law nor in jurisprudence issued by the Trademarks Office have intended to do so.**

**However, there are several decisions coming from Trademarks Office that have included considerations in order to avoid the dilution of famous and notorious marks, rejecting its registration even for not related classes by third parties (CNN, MICROSOFT, OMEGA, and so on)**

- 3.1. Which trademarks are afforded protection against dilution? What are the eligibility criteria? (Please only briefly list the eligibility criteria here; more detailed explanations will be required below).

**Normally, famous and notorious ones.**

**The eligibility criteria is for those which are well-known for relevant group of consumers, which implies an exception to the territoriality and the specially principles, normally applied to trademark matters.**

**Actually, our Law determines fame and notoriety depending on its knowledge by the group of consumers that normally requires those products or services.**

- 3.2. To be eligible for protection against dilution, does a mark need to be distinctive? If so, does the protection depend upon the mark being inherently distinctive or are marks that have acquired distinctiveness through use also protected?

**Yes, the mark must be distinctive.**

**In Chile, use of a mark is not compulsory, but it certainly determines its distinctiveness. Very often it occurs that the marks under dilution protection, besides being famous and notorious, are profusely used both in Chile and abroad.**

**However, article 19 section one of our Industrial Property Law, contemplates the possibility that a mark, not intrinsically distinctive, to be protected of dilution, when accepting the issuance of a registration for words that have acquire distinctive character as a consequence of their profuse use in the domestic commerce.**

- 3.3.1 To be eligible for protection against dilution, does a mark need to have a reputation or be well-known or famous? If so, when does a mark have a reputation, when is it well-known or when is it famous? Are the factors mentioned in paragraph 15 and 22 above relevant for determining whether a mark has a reputation, is well known or famous? For what point in time does this have to be assessed?

**Yes, it is required that the mark be famous and notorious.**

**According to the Chilean Law, the fame and notoriety of a mark is determined by the knowledge of the public that normally consumes those products and uses the involved services.**

**It is also taken into consideration the number of countries where the mark is being commercialized and its worldwide ownership.**

**We considerer that the facts mentioned in paragraphs 15 and 22 are relevant to establish the reputation of a mark.**

**The evaluation must be on a date that anticipates the date of application in Chile.**

**We must point out though that the Industrial Property Law requires fame and notoriety of a mark but this is not requested by the Law regulating the unfair competition, which only mentions “damage of the reputation in commerce”.**

- 3.3.2 For a mark to have a reputation or to be considered well known or famous, must it meet a certain knowledge or recognition threshold? If so, what is that threshold?

What percentage of population awareness is required? How widespread must the awareness be across the country? If a mark is well known or famous in one country, what effect, if any, does this have with regard to other countries?

**As priorly mentioned, according to the Chilean Law the fame and notoriety of a mark is determined by its knowledge of public normally consuming those products and services.**

**Determinant facts are distinctness and worldwide use, sales and ownership.**

**Normally, it is not enough for the mark to be famous in one country, being the exception, when the mark is famous in neighbor countries.**

**Again, another exception would be article 19 section 1 of the Industrial Property Law, that recognizes some reputation to marks that have acquired distinctiveness through is used in the Chilean market.**

- 3.3.3 What is the relevant population in determining the knowledge, recognition or fame of the mark, the general public at large or the relevant sector of public? Is recognition or fame in a limited product market (“niche market”) sufficient?

**According to the Chilean Law the fame and notoriety of a mark is determined by knowledge of the public normally consuming those products and services.**

- 3.4. To be eligible for protection against dilution, is it required that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country where protection is being sought?

**It is important to determine the fame and notoriety of a mark, its worldwide ownership and commercial use.**

**In addition, in Chile is required that the mark under protection of dilution, already have a registration locally.**

- 3.5. Are there any other criteria a mark must comply with to be eligible for protection against dilution?

**NO.**

- 3.6. Is eligibility for protection against dilution a matter of law or an issue of fact? Who bears the burden of proof regarding the eligibility criteria? How does one prove that a mark meets the eligibility criteria? Are sales and advertising figures sufficient or is survey evidence required? Which evidential standard must this proof satisfy?

**Our Law establishes the requirements for a registered mark in Chile, also being famous and notorious, to successfully object the registration of other identical or similar marks, even to distinguish different and not related products and services.**

**The burden of the proofs is for the plaintiff, and the sales/advertisements are not enough if they are not complemented by ownership proofs.**

**Finally, marking requirements included in article 25 of our Industrial Property Law (Marks must always be used with the indication of ®), should be determinant proofs to provide protection against dilution of a mark on the grounds of its lack of distinctness.**

- 3.7. Is there any registry of eligible marks in your country? If so, what is the evidentiary value of registration? Can it be challenged in litigation?

**There is no such registration.**

4. Does your law require the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark? If so, in which circumstances does a 'mental association' or 'link' between the earlier trademark and the later trademark exist? Are the factors mentioned in paragraph 27 and 28 above relevant for assessing the existence of such a 'mental association' or 'link'? Are there other factors to take into account? Is the assessment of a link a question of fact (so something that can be established by market surveys), or is it a question of law to be established by the courts or authorities on the basis of such factors?

**Although it is not mentioned in the Law, we believe that such mental association should be required. Also, paragraphs 27 and 28 are also relevant in Chile to determine such mental association.**

**We consider that assessment of a link is a question of Law.**

5. Does such 'mental association' or 'link' between the earlier trademark and the later trademark automatically result in detriment to the earlier trademark's repute or distinctive character? Or does detriment have to be proved over and above the existence of a 'mental association' or 'link'?

**The damage, consisting in the possibility of mistake or confusion in trade, is the conclusion upon the filing of the proofs, which is able to establish the fame and notoriety of the mark.**

6. Are the same factors taken into consideration to assess the existence of detriment as those already discussed for the link? Are there additional ones?

**Yes.**

7. Must actual dilution be proved or is a showing of likelihood of dilution sufficient? Whose burden of proof is it? How does one prove dilution or likelihood of dilution? Does detriment require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely? If so, what is a change in the economic behaviour of the average consumer? Is reduced willingness to buy goods sold under the earlier mark a change in the economic behaviour? How do you prove a change in the economic behaviour of the average consumer or likelihood of such change in behaviour?

**The likelihood of dilution is enough.**

**The burden of the proofs is for the plaintiff.**

**Having proved that the mark is famous and notorious and that the coexistence in trade will cause damage to the owner of the registered notorious mark.**

**It is not necessary to prove this fact. It is assume that the coexistence will cause mistake and confusion.**

**It could be considered if the fact occurs.**

**It may be proven with the sales figures of the different years.**

8. What is the extent of protection afforded to marks which are eligible for dilution protection? May the owner of the earlier trademark object
- to the registration of a later trademark? **Yes**
  - to the actual use of a later trademark? **No**
  - in respect of dissimilar goods only or also in respect of similar goods? **Both**

9. What are the legal remedies? May the owner of the earlier trademark file an opposition and/or a cancellation action? May he ask for injunctive relief or preliminary injunctive relief? Does your trademark office refuse the registration of a later trademark on grounds of likelihood of dilution?

**It is possible to file both an opposition and cancellation actions.**

**In the administrative procedures before the Trademarks Office it is not possible to file an injunction to obtain the cease on the use of the mark, but the injunction proceeds in a separate civil suit.**

**The ground of the rejection is not expressly indicated in order to avoid the dilution of the mark, however, the reasons that sustain the rejection are the same that should avoid the dilution.**

## **II. Proposals for adoption of uniform rules**

The Groups are invited to put forward proposals for adoption of uniform rules with a view to protecting trademarks against dilution. More specifically, the Groups are invited to answer the following questions:

1. Which trademarks should be eligible for protection against dilution? What should the eligibility criteria be? Should recognition or fame in a limited product market (“niche market”) be sufficient?

**Famous and notorious Marks. Also, marks that not being originally distinctive, have acquired distinctness in connection with the goods/services that they apply, so equally deserve protection against its dilution.**

2. Should it be a criteria for being eligible for dilution protection that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country?

**It may be considered but it is not a determinant fact.**

**We consider that protection against dilution must be granted only to marks registered in Chile.**

**Marks registered abroad but not in Chile, and marks used but not registered in Chile, have their own protection in Chile.**

3. Should there be a registry of eligible marks? If so, what should the evidentiary value of registration be? Should it be possible to challenge it in litigation?

**We do not believe a registry to be necessary.**

**It must be evaluated on a case by case basis.**

**Obviously, there are marks which do not need to be in an a registry to be eligible against dilution protection.**

4. Should the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark be an independent requirement for a trademark dilution claim?

**We believe that this link is a mandatory requirement.**

5. Should detriment to the distinctive character or reputation of the earlier mark require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely?

**Not necessarily. Nevertheless, if that change has actually occurred, must be considered as a relevant issue.**

6. What should the remedies be for dilution of a mark?

**A preventive remedy, as already mentioned, could be the use of marks with strict compliance of marking requirements indicated in the article 25 of our Industrial Property Law.**

**Once the damage has been produced, civil actions are available according to article 106 and the followings of our Law.**

National Groups are invited to comment on any additional issue concerning the protection of a mark against dilution.

**Note:** It will be helpful and appreciated if the Groups follow the order of the questions in their Reports and use the questions and numbers for each answer.

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