



Question Q214

National Group: AIPPI PANAMA GROUP

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?

Yes; the laws of the Republic of Panama provide protection against dilution of a trademark. The legal foundation stem from Article 99 (5) and (6), and Article 164 (12) of Industrial Property Law 35 (IP Law 35) enacted on May 10, 1996.

Article 99 (5) of IP Law 35 states the owner of the registration of a trademark shall have the right to prohibit third parties from using without his authorization a distinctive sign identical or similar to the registered trademark in trade without just reason and in a manner liable to prejudice the owner thereof, especially where such use might dilute or destroy the distinctiveness or commercial value of the trademark.

Article 99 (6) of IP Law 35 states the owner of the registration of a trademark shall have the right to prohibit third parties from using in connection with a particular trademark, terms of comparison with another trademark used for goods or services that are similar or identical for the sole purpose of diluting or destroying the distinctiveness or commercial value of the latter and thereby prejudicing the owner thereof.

Article 164 (12) of IP Law 35 states liability for improper use of a patent, utility model, industrial design, trademark, trade name or advertising slogan or sign shall fall on the manufacturer, marketer, distributor and all persons who in any

way have taken part in the production and circulation thereof. The following shall therefore be liable to the appropriate sanctions:

12. those who in any way make use of a trademark using terms of comparison with another trademark when the goods or services covered are similar or identical, for the sole purpose of diluting or destroying the distinctive power or commercial value of the latter trademark and thereby causing the owner thereof a prejudice.

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

IP Law 35 does not provide a legal definition of dilution. However, anti dilution statutes as set forth above, and judges through decisions at courts have adopted two branches of the dilution doctrine, namely, blurring and tarnishment by acknowledging that trademark dilution is the lessening or impairment of a mark's distinctiveness or capacity to identify and distinguish goods or services; and also the equivalent to acts which are detrimental to the reputation of another's trademark.

- 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).

Under IP Law 35 any trademark duly registered is afforded protection against dilution, save famous trademarks which are granted protection in all cases (claims against use or registration) as well even without registration.

Well-known trademarks are protected against dilution without local registration in cases of opposition and cancellation or nullity actions. In cases of infringement actions (actions against the use of a conflicting mark), well-known trademarks are afforded protection against dilution only if they are locally registered.

- 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?

To be eligible for protection against dilution the mark need to be distinctive either inherently distinctive or with an acquired distinctiveness through use.

- 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?

Upon IP Law 35 a mark does not need to have a reputation or be well-known or famous to be eligible for protection against dilution. Any mark duly registered is granted protection against dilution. Moreover, famous trademarks are

granted protection even without registration. Well-known trademarks are protected against dilution pursuant to the conditions mentioned in Answer 3.1.

On Article 95 of IP Law 35 famous or renowned marks are defined as a trademark which, through intensive use in the market and in advertising, has been widely spread without loss of its distinctiveness and is known by the public at large. Well-known mark means a trademark that has the same characteristics and is known by the group of consumers to which it is addressed.

The factors mentioned in paragraph 15 and 22 in the Working Guidelines are indeed relevant for determining whether a mark is well known or famous.

The reputation, fame or notoriousness of a mark shall be asserted in opposition, cancellation or infringement actions.

- 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?

For a mark to have a reputation or to be considered well known or famous, it must meet knowledge or recognition threshold in the extent stated in Article 95 of IP Law 35 on the grounds of intensive use of the mark in the market and in advertising. No specific percentage of population awareness is required inasmuch intensive use in market and advertising is asserted. Regarding intensive use in market, Article 101 of IP Law 35 defines “use” of a trademark as the production, manufacture, development or assembly of articles, goods or merchandise and the rendering of services covered by the said trademark, followed by their introduction to the national or international market. Thus, as pertains to widespread in terms of geographical area, IP Law 35 sets clear its acknowledgement of use of a mark either in local or international market, for which no restriction on geographical area is set forth in law.

However, when assessing the status of well-known or famous marks, the courts will evaluate such status in our country, that is, where the protection for the trademark is being sought, in accordance with the Paris Convention.

- 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?

Upon Article 95 of IP Law 35, the general public at large is the relevant population in determining the knowledge or recognition of a famous mark and, the relevant sector of public is the relevant population in determining the knowledge or recognition of a well-known mark. Based on definitions contained in Article 95 referred herein, recognition or fame in a limited product market (“niche market”) would be sufficient to define a well-known mark.

- 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?

Eligibility for protection against dilution implies that the mark has to be registered in the country where protection is being sought, save famous marks which are granted protection even without registration. Well-known marks are also protected against dilution without registration in the country where the protection is being sought in cases of infringement actions only.

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

No, there are no other criteria a mark must comply with to be eligible for protection against dilution.

- 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?

Eligibility for protection against dilution is a matter of law. Burden of proof thereof would be on Plaintiff. Sales and advertising figures per se are not sufficient unless there is additional evidence to link the mark to those figures. Although survey evidence is not mandatory, it has proven to be very helpful in bringing successful action against defendant provided that margin of error in the survey is reasonable as supposed to the sample size. Regarding famous and well-known marks it is Plaintiff's duty to proof such recognition and fame, which can be done through the filing of evidence of extensive international use of the trademark, such as, advertising and articles published in magazines and newspapers of international distribution, the internet, from the earliest dates up to the time of filing of the action.

- 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?

No, there is no registry of eligible marks in Panama.

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?

Our law does not require the existence of a "mental association", except to the extent likelihood of consumer confusion has to be asserted as provided for in Article 91 (9) and (13) of IP Law 35.

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'?

“Mental association” to the extent likelihood of consumer confusion asserted as provided for in Article 91 (9) and (13) of IP Law 35, would be sufficient, as long as there is a likelihood of causing a detriment to the distinctive character of the mark or to the mark’s repute.

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?

Under IP Law 35, the existence of detriment proved over and above the existence of a “mental association” would not be necessary, just the likelihood of that detriment to occur.

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?

Showing likelihood of dilution would be sufficient. Burden of proof is Plaintiff’s. Dilution or likelihood of dilution is proven by likelihood of confusion or false association by setting forth the junior mark is identical, similar or comparable in orthographic, graphic, phonetic, visual or design terms to the senior mark to distinguish goods or services that are the same or of the same type as those to be covered by any trademark or similar to them, provided that the similarity or identity of the one and the other are liable to cause errors, confusions, unintentional substitutions, misapprehensions or false associations in the mind of the public with respect to those goods or services or the source thereof. Regarding famous marks inasmuch such recognition and fame is proved, the burden of proof is fulfilled. The existence of detriment proved over and above the existence of a “mental association” is not necessary, for which no opinion in regards to change in economic behavior will be set forth herein.

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?
 - to the actual use of a later trademark?
 - in respect of dissimilar goods only or also in respect of similar goods?

Marks which are eligible for dilution protection are granted protection against the registration and actual use of a later trademark in respect to similar goods

and dissimilar goods only if there exists a connectivity. Regarding famous marks, protection is granted in respect to similar and dissimilar goods regardless of connectivity between the products.

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?

Trademark likelihood of dilution is cause to deny registration of a junior mark which is liable to impair the distinctiveness of a senior mark, thus, lessening the association between the mark and the products and/or services the mark is supposed to distinguish in the presence of likelihood of confusion, mistake, or deception, save famous marks which protection against dilution is granted against a junior mark in respect either to similar or dissimilar products.

Legal remedies consist of filing opposition, cancellation or infringement actions. Injunctive relief and preliminary injunctive relief are permitted.

Under our current law, the Trademark Office is not empowered to deny registration of a later trademark on grounds of trademark 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?

Well-known and famous marks should be eligible for protection against dilution. To be eligible, well-known marks should be registered in the country where the protection is being sought and should comply with the following characteristics, that is,

- **having being intensively used in the marketplace and in advertising**
- **having being widely spread without losing its distinctiveness**
- **and known by the group of consumers to which it is aimed**

Therefore, recognition or fame in a limited product market, “niche market”, should be sufficient for well-known marks to be eligible for protection.

To be eligible, famous marks should comply with the following characteristics;

- **having being intensively used in the marketplace and in advertising**
- **having being widely spread without losing its distinctiveness**
- **and known by the public at large**

Registration or use in the country where the protection is being sought should not be a condition for affording protection against dilution to famous marks.

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?

For famous marks, neither local registration nor local use should be required as a condition for the trademark to be protected against dilution. The filing of a local registration should not be required either. International registrations and use showing the high recognition and repute of the mark should suffice.

For well-known marks, only local registration should be required. As to use, international use should also suffice.

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 consider that the registry is not necessary.

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?

For famous marks, the mental association or link requirement as well as the detriment requirement shall be presumed not only in cases of identical marks but also in cases of similar marks, when the similarity between the famous mark and the junior mark clearly indicates that the latter derives from the famous mark, regardless of the goods/services to be protected by the junior mark.

In cases of well-known marks, the degree of similarity between the well-known mark and the junior mark and the degree of recognition of the well-known mark shall be the main factors in assessing the existence of a link between the marks. Since our proposition for a presumption of the mental association applies only to famous marks, for well-known marks, the mental association or link requirement should be an independent requirement for a trademark dilution claim.

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?

No, it should not require proof of a change in the economic behaviour of the average consumer. The likelihood of a change in the economic behaviour to occur, which represents the likelihood of causing detriment to the distinctive character of the well-known trademark or to the trademark or its owner's repute should suffice.

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

The protection against dilution of a trademark must comprise protection against use and registration. Therefore, the trademark owner seeking such protection must be entitled to initiate opposition and cancellation or nullity actions. Injunctive relief and preliminary injunctive relief should also be available.

Moreover, trademark dilution should be included as a ground for prohibiting the registration of a trademark, so that the Trademark Office may be empowered to deny the registration of a mark that may dilute a well-known or famous mark.

Summary

- Both well-known marks and famous marks must be protected against dilution.
- Local registration of the trademark sought to be protected must not be a requirement for famous marks. For well-known marks, there must be a local registration.
- Local use of the trademark must not be a condition for protection against dilution.
- A definition of dilution must be included in the Trademark Law.
- The definition shall include as dilution acts the taking of advantage of the distinctiveness or repute of a trademark and all acts detrimental to the distinctive character of the trademark or to the trademark or trademark owner's repute.
- For famous marks, the mental association or link requirement as well as the detriment requirement shall be presumed not only in cases of identical marks but also in cases of similar marks, when the similarity between the famous mark and the junior mark clearly indicates that the latter derives from the famous mark, regardless of the goods/services to be protected by the junior mark.
- In cases of well-known marks, the degree of similarity between the well-known mark and the junior mark and the degree of recognition of the well-known mark shall be the main factors in assessing the existence of a link between the marks. With respect to the detriment factor, no proof of actual detriment must be required. The likelihood of causing detriment to the distinctive character of the well-known trademark or to the trademark or its owner's repute shall suffice.
- The protection against dilution of a trademark must comprise protection against use and registration. Therefore, the trademark owner seeking such protection must be entitled to initiate opposition and cancellation or nullity actions. Injunctive relief shall also be available.
- Trademark dilution shall be included as a ground for prohibiting the registration of a trademark, so that the Trademark Office may be empowered to deny the registration of a mark that may dilute a well-known or famous mark.

Résumé

Le Groupe a conclu et propose ce qui suit:

Tant les marques connues comme les marques renommées doivent être protégées contre la dilution.

L'enregistrement local des marques objet de la protection ne doit pas être une exigence pour les marques renommées. Pour les marques connues, il doit y avoir un enregistrement local.

L'utilisation locale de la marque ne doit pas être une condition de protection contre la dilution.

Une définition de dilution doit être incluse dans la Loi de Marques.

La définition doit inclure comme dilution des actes tirant un profit du caractère distinctif ou la renommée d'une marque et tout acte préjudiciable au caractère distinctif de la marque ou à la marque ou à la réputation du propriétaire de la marque.

Pour les marques de haute renommée, l'association mentale ou la condition du lien ainsi que l'exigence de détriment doivent être présumés non seulement dans les cas de marques identiques mais également en cas de marques similaires, lorsque la similitude entre la marque renommée et la marque junior indique clairement que la dernière découle de la marque renommée indépendamment des produits / services à être protégés par la marque junior.

Dans le cas des marques renommées, le degré de similitude entre la marque renommée et la marque junior et le degré de reconnaissance de la marque renommée doivent être les facteurs principaux pour évaluer l'existence d'un lien entre les marques. En ce qui concerne le facteur de préjudice, aucune preuve de préjudice réel ne doit être exigée. La probabilité de causer un préjudice au caractère distinctif de la marque renommée ou à la marque ou à la réputation du propriétaire de la marque devrait suffire.

La protection contre la dilution d'une marque doit inclure la protection contre l'utilisation et l'enregistrement. Par conséquent, le propriétaire de la marque cherchant une telle protection doit avoir le droit à faire opposition et des actions d'annulation et de nullité. Un redressement par injonction doit également être disponible.

La dilution des marques doit être incluse comme motif pour interdire l'enregistrement d'une marque, afin que le Bureau des Marques soit habilité à refuser l'enregistrement d'une marque qui puisse diluer une marque connue ou renommée.

Zusammenfassung

Die Gruppe hat Folgendes beschlossen und macht diese Vorschläge:

Sowohl wohlbekannt Warenzeichen und berühmte Warenzeichen müssen gegen Verwässerung geschützt sein.

Örtliche Eintragungen des Warenzeichens, dessen Schutz beantragt wird, sollt für berühmte Warenzeichen nicht erforderlich sein. Für wohlbekannte Warenzeichen muss eine lokale Eintragung bestehen.

Ortsgebrauch des Warenzeichens muss nicht eine Bedingung sein für den Schutz gegen Verwässerung.

In dem Warenzeichengesetz muss eine Beschreibung von Verwässerung enthalten sein.

Die Erläuterung muss als Verwässerungshandlung die Ausnutzung von den hervorstechenden Merkmalen oder Ruf eines Warenzeichens enthalten, sowie alle Handlungen die zum Nachteil von dem spezifischen Charakter des Warenzeichens oder zum Schaden von dem Ansehen des Warenzeichens oder dessen Besitzer sind.

Für berühmte Warenzeichen wird vorausgesetzt, dass die Gedankenverbindungen oder Verknüpfungsbeziehung, sowie Voraussetzung der Beeinträchtigung, nicht nur im Fall von identischen Warenzeichen besteht, sondern auch im Fall von ähnlichen Warenzeichen wenn die Ähnlichkeit zwischen dem berühmten Warenzeichen und dem zweitrangigen Warenzeichen klar zeigt, dass das Letztere von dem berühmten Warenzeichen abstammt, ohne Rücksicht auf Waren / Dienste die von dem zweitrangigen Warenzeichen zu verteidigen sind.

Im Fall von wohlbekanntem Warenzeichen, werden das Ausmass der Ähnlichkeit zwischen dem wohlbekanntem Warenzeichen und dem zweitrangigen Warenzeichen, sowie der Anerkennungsgrad von dem wohlbekanntem Warenzeichen, die wichtigsten Faktoren sein in der Bewertung einer Verbindung zwischen den beiden Warenzeichen. Mit Bezug auf den Faktor Schaden, soll kein Beweis von dem eigentlichen Schaden verlangt werden. Es genügt die Wahrscheinlichkeit des Schaden zum Nachteil von dem spezifischen Charakter des wohlbekanntem Warenzeichens, bzw. Schädlich für das Warenzeichen oder das Ansehen von dem Eigentümer.

Der Schutz gegen Verwässerung eines Warenzeichens muss den Schutz gegen Gebrauch und Registrierung einschliessen. Deshalb muss der Eigentümer des Warenzeichens, der diesen Schutz beantragt, das Recht haben den Widerspruch und Annullierung zu beantragen, oder eine Ungültigkeitserklärung einzuleiten. Eine einstweilige Unterlassungsverfügung muss auch möglich sein.

Verwässerung eines Warenzeichens muss bei der Eintragung eines Warenzeichens als Ablehnungsgrund mit eingeschlossen sein, sodass die Warenzeichen-Behörde berechtigt ist, die Eintragung eines Warenzeichens abzulehnen, welches möglicherweise ein wohlbekanntes oder berühmtes Warenzeichen verwässern könnte.