

Question Q214

National Group: Peru

Title: Protection against the dilution of a trade mark

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Summary

Andean Community Trademark Law (Bolivia, Colombia, Ecuador and Peru) provides for protection against dilution of a trademark, stipulating that the owner of a well-known mark (known as notorious marks) may oppose against a trademark application, if the latter would lead to likelihood of confusion or mistaken association, diluting its distinctiveness. Neither legislation nor case law distinguishes between marks with reputation, well-known marks or famous marks. To be eligible for protection against dilution, the mark has to be recognized as well-known. In case of well-known marks, the mere risk of dilution is sufficient to consider detriment to the earlier trademark's repute or distinctive character. The Peruvian group proposes establishing a register of well-known marks for a specific period of time and only for those marks that have been declared well-known in a litigation proceeding. This should facilitate ex-officio refusals based on likelihood of dilution.

Zusammenfassung

Das Markengesetz der Andengemeinschaft (Bolivien, Kolumbien, Ecuador und Peru) sieht den Schutz vor Verwässerung einer Marke vor, da es festlegt, dass der Inhaber einer bekannten bzw. notorisch bekannten Marke Widerspruch gegen eine Markenmeldung einlegen kann, falls diese die Wahrscheinlichkeit einer Verwechslung oder eine irrtümliche Verknüpfung nachsichzieht und die Unterscheidungskraft der Marke verwässert. Weder Gesetzgebung noch Fallrecht unterscheiden zwischen Marken mit gutem Ruf, bekannten Marken oder berühmten Marken. Um als schutzfähig gegen Verwässerung zu gelten, hat die Marke als bekannt anerkannt zu sein. Bei bekannten Marken ist allein das Risiko der Verwässerung ausreichend, um einen Schaden für den guten Ruf der früheren Marke oder ihre Unterscheidbarkeit anzunehmen. Die peruanische Gruppe schlägt vor, ein Register bekannter Marken einzurichten, auf bestimmte Zeit und nur für solche Marken beschränkt, die im Zuge eines Streitprozesses für bekannt erklärt wurden. Damit sollen amtsseitige Ablehnungen erleichtert werden, die mit der Wahrscheinlichkeit der Verwässerung begründet wurden.

Résumé

La réglementation sur le droit de marques de la Communauté Andine (Bolivie, Colombie, Equateur et Pérou) établit des dispositions dans le but d'offrir de la protection face à la dilution de marques commerciales notoirement connues, en stipulant que son titulaire peut s'opposer à une demande d'enregistrement de marque si celle-ci comporte un risque de confusion ou d'association erronée, en diluant ainsi son caractère distinctif. Le simple risque de dilution est suffisant pour considérer un dommage à la réputation ou au caractère distinctif de la marque commerciale plus ancienne. Ni la législation ni la jurisprudence de la Communauté Andine ne distinguent entre des marques renommées, marques notoirement connues ou marques fameuses. Le groupe du Pérou propose d'établir un registre de marques notoirement connues pendant une période spécifique et seulement pour les marques déclarées comme notoirement connues lors d'un litige. Cela devrait faciliter les dénégatoires d'office basées sur le risque de dilution.

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?

Yes and only for well-know marks (known as notorious marks).

If so, which laws?

Decision N° 486 “Common Intellectual Property Regime of the Andean Community” (Bolivia, Colombia, Ecuador and Peru) provides for protection against dilution of a trademark under article 136°, letter h), stipulating, among others, that the owner of a well-know mark may oppose against a trademark application if the latter would lead to likelihood of confusion or mistaken association, diluting its distinctiveness.

Further, article 155, letters e) and f) of Decision 486, stipulates that the owner of a well know-mark has the right to prohibit the use of an identical or similar mark with respect to any goods or services, where such use, may dilute the distinctive force or the value of that trademark, even for purposes that are non-commercial.

Finally article 226, letter b) of Decision 486 stipulates that it also constitutes unauthorized use of a well-known mark, the use of all or part of the mark, or the reproduction, imitation, translation, or transliteration thereof, even in respect of businesses, activities, goods, or services other than those to which that well-known mark is applied, or its use for non-commercial purposes, where such use could produce dilution.

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

There is no specific legal definition of dilution in Peruvian legislation. Legislation only enounces dilution as: (i) a relative ground of prohibition for trademark registration in case of conflict with a well-known mark [article 136, paragraph h) of Decision 486] and (ii) a ground for the owner of a well known mark to act against third parties for the unauthorized use of a similar or identical mark [article 155, paragraphs e) and f) and article 226, paragraph b) of Decision 486].

Concerning case law, the Andean Court of Justice [Case 6-IP-2009] has established that dilution is the weakening of the distinctive force of a trademark, of its advertising value and, consequently, of its commercial value. It also states that the risk of dilution intends to safeguard well-known marks from any use of other identical or similar marks which cause the weakness of the distinctive capacity that the well-known mark has acquired in the market, although when used in association with goods which bear no competitive connection with those covered by the well-known mark.

The Appeal Court of the Peruvian Trademark Office, in the Case 288129-2006 by Resolution 2951-2009/TPI-INDECOPI (which is a binding precedent) has ruled that:

“Though the doctrine has always sustained that the concept of dilution is only applicable to renowned trademarks, the concept of dilution of distinctiveness, following the indications settled by the Andean Court of Justice, has also to be analyzed when the trademark’s status as a well-know mark has been determined, for the current Andean rule, namely Decision 486 does not make a distinction between notorious and renowned trademarks.

The concept of dilution admits an exceptional supposal of protection in trademark law aiming to avoid that, due to the action of a third party that uses one and the same sign or a very similar one for products or services of different nature, the association trademark-product-service breaks up.”

3.1. Which trademarks are afforded protection against dilution?

Protection against dilution is afforded only to well-know marks. The law does not establish this expressly, but indirectly by regulating dilution exclusively in connection with well-know marks.

What are the eligibility criteria? (Please only briefly list the eligibility criteria here; more detailed explanations will be required below).

In order to obtain protection against dilution, it must be verified previously that the mark is a well-known mark in Peru, based, among others, on the following criteria:

- a) The mark has to be known in the relevant sector of the public;
- b) The seniority of the mark and the size of the geographical area where it is used in and outside any Andean Community member country;
- c) The seniority and the size of the geographical area where the mark is promoted, in or outside any Member Country, including its advertising and presentation at exhibitions or other events in connection with the goods or services, the premises, or the activity to which it is applied;
- d) The value of all investments made for promoting the mark or the premises, activity, goods or services to which it is applied;
- e) Sales and income of the owner in respect of the mark whose well-known character is alleged;
- f) The inherent or acquired distinctiveness of the mark;
- g) The book value of the mark as a corporate asset;
- h) The volume of orders from persons interested in obtaining a franchise or license of the mark for a specific territory; or,
- i) The existence of significant manufacturing, purchasing, or storage activities by the owner of the mark in the Member Country of the Andean Community where protection is being sought;
- j) The existence or seniority of any registration or application for registration of the mark in the Member Country or abroad.

3.2. To be eligible for protection against dilution, does a mark need to be distinctive?

Distinctiveness is required, which can be inherent or acquired.

If so, does the protection depend upon the mark being inherently distinctive or are marks that have acquired distinctiveness through use also protected?

The protection against dilution covers inherently distinctive well-know marks as well as those that have acquired distinctiveness through its use. According to Decision 486, article 135, last paragraph, acquired distinctiveness is only possible for marks that originally:

- a) Lacked distinctiveness;
- b) Consisted exclusively of a generic o descriptive term or sign;
- c) Consisted exclusively of a sign or statement that is the common or technical name of the product or service;
- d) Consisted solely of or have become a sign or statement which, in everyday language or normal use within the country, is the common or usual designation for the goods or services in question;
- e) Consisted of an isolated colour, without any demarcation to give it a specific shape;

3.3.1 To be eligible for protection against dilution, does a mark need to have a reputation or be well-known or famous?

To be eligible for protection against dilution the mark has to be recognized as well-known.

It must be pointed out that neither Andean Community Legislation nor Peruvian national laws nor community or national case law distinguish between marks with reputation, well – know marks or famous marks. Andean and Peruvian Trademark Legislation only consider the category of well-know marks.

This position has been ratified by the Appeal Court of the Peruvian Trademark Office in the Case 288129-2006 through Resolution 2951-2009/TPI-INDECOPI (which is a binding precedent).

If so, when does a mark have a reputation, when is it well-known or when is it famous?

To be eligible for protection against dilution the mark has to be well-know, considering the following criteria:

- a) The mark has to be known in the relevant sector of the public;**
- b) The seniority of the mark and the size of the geographical area where it is used in and outside any Andean Community member country;**
- c) The seniority and the size of the geographical area where the mark is promoted, in or outside any Member Country, including its advertising and presentation at exhibitions or other events in connection with the goods or services, the premises, or the activity to which it is applied;**
- d) The value of all investments made for promoting the mark or the premises, activity, goods or services to which it is applied;**
- e) Sales and income of the owner in respect of the mark whose well-known character is alleged;**
- f) The inherent or acquired distinctiveness of the mark;**
- g) The book value of the mark as a corporate asset;**
- h) The volume of orders from persons interested in obtaining a franchise or license of the mark for a specific territory; or,**
- i) The existence of significant manufacturing, purchasing, or storage activities by the owner of the mark in the Member Country of the Andean Community where protection is being sought;**
- j) The existence or seniority of any registration or application for registration of the mark in the Member Country or abroad.**

Are the factors mentioned in paragraph 15 and 22 above relevant for determining whether a mark has a reputation, is well known or famous?

Yes.

For what point in time does this have to be assessed?

The interested party has to prove such condition in the proceeding where the status of well-known mark is invoked.

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?

Yes.

If so, what is that threshold?

The most relevant fact in determining whether a mark is well-known is the scale of knowledge of the mark among the relevant sector of the public (current and potential clients, individuals involved in the chain of distribution, related entrepreneurs) in the territory where the mark is used.

What percentage of population awareness is required?

A specific percentage rate has not been established by law or case law. However, the Andean Tribunal of Justice in the Case 20-IP-97 has considered 60% as acceptable for the relevant public, rate that may vary according to the nature of product or service (market segment).

How widespread must the awareness be across the country?

A specific widespread has not been fixed by legislation or case law. It will depend on the nature or type of the product or service. However, for statistic matters the awareness should cover at least mains cities, in particular Lima, which concentrates 2/3 of the population of Peru.

If a mark is well known or famous in one country, what effect, if any, does this have with regard to other countries?

If a mark has been recognized as well known in any country member of the Andean Community it will have binding effects in Peru, according to article 224 of Decision 486, independently of the way or means by which it was made known. The recognition as a well-known mark coming from other territories (not belonging to the Andean Community) has only an informative effect.

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?

The relevant population in determining the knowledge, recognition or fame of the mark will depend on the product or service identified with the mark. Massive consuming products or services will require the knowledge by the general public. In case of specialized products or services only the knowledge by the relevant sector will be required.

Article 230 of Decision 486 stipulates that the following shall be considered pertinent sectors of reference for purposes of determining whether a mark is

well-known: (a) the real or potential consumers of the type of goods and services to which the mark shall be applied; (b) the persons involved in the channels of distribution or marketing of the goods or services to which the mark shall be applied; or, (c) the commercial circles or business connected with the mark. It shall be sufficient, for the purpose of recognizing the well-known character of a mark, to be known within any of the sectors referred in the previous cases.

Is recognition or fame in a limited product market (“niche market”) sufficient?

The tendency of the Peruvian Trademark Office (PTO) is to require a significant knowledge by the consumer to grant the status of well-known to a mark. In that sense, it will be difficult that the PTO will recognize the status of well-known for a mark that identifies products or services known in a very exclusive circle or “niche market” (relevant market).

- 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?

No. According to article 229 of Decision 486, it is not required that the mark has been used or registered in Peru or that an application for registration of the mark has been filed in Peru.

- 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?

Eligibility for protection against dilution is an issue of fact.

Who bears the burden of proof regarding the eligibility criteria?

The trademark owner bears the burden of proof.

How does one prove that a mark meets the eligibility criteria?

In order to prove that a mark meets the eligibility criteria the owner of the mark must provide the respective evidence, mentioned in 3.3.1.

Are sales and advertising figures sufficient or is survey evidence required?

The status of well-known mark is granted in a very restrictive way, therefore sales and advertising figures and, in general, all possible evidence is necessary.

Survey evidence is not necessarily required but is very important in order to prove the status of well-known of a mark. The Peruvian law does not include the term survey or poll expressly, but, under the general principle of freedom to submit evidence in a procedure, these may be classified as an “expert evidence”. The expert is the entity who provides the poll results.

Surveys have been and are effective since they provide information of preferences, needs or behavior of individuals (i.e. response to a product or service identified by a trademark). However, just the submission of a survey does not guarantee a “won case”.

Currently the Trademark Office asks their economic research division to analyze the survey submitted by the interested party, in order to determine its accuracy. The examination process takes account of the used method (i.e. telephone interview, in- person interview), random sample (fraction of the population being studied), sampling error, response bias, non response bias, wording of questions, among others.

The reputability and experience of the survey organization is also an important factor for credibility.

Which evidential standard must this proof satisfy?

Neither the Peruvian Trademark Office nor IP laws have ruled specific requirements for surveys to be used in IP litigation. However, the general accepted statistical (scientific) rules must be employed. The Trademark Office will require submitting at least the questionnaire and the technical records of the survey in order to establish if the wording of the questions, the order of them or how they are asked can influence the results of survey. The technical record must show the sampling size, method used, among others.

- 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?

Currently, there is no registry of well-know marks in Peru.

4. Does your law require the existence of a ‘mental association’ or ‘link’ between the earlier trademark and the later trademark?

It does not in the sense of American or European Law or Case Law. Moreover, it is not clearly expressed in national case law that sole link will be concluding.

“Association” is ruled by Legislation and has been understood by Case Law as “indirect confusion”, where the conflicting marks are capable of suggesting that the goods or services have their origin in the same or economically linked undertakings.

The Peruvian Trademark Office (PTO) in order to decide a conflict between a senior and junior trademark, in particular between non-identical marks,

analyses the commercial impression that the consumer will experience confronting the junior mark, based on what the consumer may recall, in respect to the senior mark. In that sense, PTO will check if the junior mark is evoking senior trademark, provided that such could use harms the distinctiveness of senior mark, according to article 155, paragraph e) of Decision 486.

The link may arise as a consequence of pondering many factors, such as the degree of similarity between the earlier and later mark; the nature and (dis)similarity of respective goods and services; the strength of the earlier mark's reputation; the degree of the earlier mark's distinctiveness; likelihood of confusion; the degree of inherent or acquired distinctiveness of the famous mark; the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; the degree of recognition of the famous mark; among others.

If so, in which circumstances does a 'mental association' or 'link' between the earlier trademark and the later trademark exist?

The link or mental association may arise or exist as a consequence of pondering the factors detailed before.

Are the factors mentioned in paragraph 27 and 28 above relevant for assessing the existence of such a 'mental association' or 'link'?

Yes.

Are there other factors to take into account?

No.

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?

The assessment of a link is question of law to be established by the courts or authorities on the basis of such factors.

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?

According to Article 155°, paragraph e), of Decision 486 in case of well-known marks, the mere risk of dilution is sufficient to consider 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'?

As mentioned before, according to Article 155°, paragraph e), of Decision 486 the mere risk of dilution is sufficient to consider detriment to the earlier trademark's repute or distinctive character.

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, the relevant factors are very similar to the ones used when determining the mental association. In general, all factors are taken into consideration to assess the existence of detriment.

7. Must actual dilution be proved or is a showing of likelihood of dilution sufficient?

PTO does not require proving losses or sales or similar, showing likelihood of dilution sufficient.

8. 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 owner of the earlier mark only needs to prove a showing of likelihood of dilution. It is sufficient that the risk of dilution may exist and that the use of the junior mark would have such an effect. There is no need to prove evidence of a change in the economic behavior of the average consumer, in the sense of paragraph 30 above.

9. 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, in accordance with Article 136° letter h) of Decision 486.

- to the actual use of a later trademark?

Yes, in accordance with Article 155° letters e) and f) of Decision 486.

- in respect of dissimilar goods only or also in respect of similar goods?

The owner may object to use in respect dissimilar and/or similar goods, in accordance with Article 155° letters e) and f) of Decision 486.

10. What are the legal remedies?

File Opposition, Nullity, and Cancellation, ask for injunctive or preliminary injunctive relief.

May the owner of the earlier trademark file an opposition and/or a cancellation action?
Yes

May he ask for injunctive relief or preliminary injunctive relief?
Yes

Does your trademark office refuse the registration of a later trademark on grounds of likelihood of dilution?
No, Only on grounds of likelihood of confusion.

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?

Trademarks that are known by the relevant sector of public should be eligible for protection against dilution.

What should the eligibility criteria be?

- a) **The mark has to be known in the relevant sector of the public and in a substantial part of the territory;**
- b) **The value of all investments made for promoting the mark;**

Should recognition or fame in a limited product market (“niche market”) be sufficient?
Yes

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?

No.

3. Should there be a registry of eligible marks?

Yes for a specific period of time or period of grace (maybe 3 years) and only for those marks that have been declared well-known in a litigation proceeding. This should facilitate ex-officio refusals based on likelihood of dilution.

If so, what should the evidentiary value of registration be?

Based on the above answer, no evidence should be required in addition as the one submitted to the Court that declared the mark, in a final decision, to be well-known.

Should it be possible to challenge it in litigation?

No.

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?

It should be a necessary requirement but not an independent or sole requirement for a 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.

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

The same granted for regular marks.

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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