

Panama

Contributing firm

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1. Legal framework

The following laws regulate trademark matters in Panama:

- Law 35/1996 on Intellectual Property Matters;
- Executive Decree 79/1997 Establishing Regulations for Articles 176 and 177 of Law 35/1996 on the Free Zone of Colon and Other Processing Zones in Panama;
- Executive Decree 7/1998 Establishing Regulations under Law 35/1996;
- Executive Decree 96/1999 Establishing Regulations Regarding the Use of the Denomination 'Panama' as a Trademark for Goods and/or Services;
- Executive Decree 107/1981 Adopting the Nice Classification;
- Law 41/1995 Adopting the Paris Convention; and
- Law 23/1997 Adopting the Agreement on Trade-Related Aspects of Intellectual Property Rights.

2. Unregistered marks

Protection

The rights provided under Panamanian legislation for unregistered marks concern the opposition or cancellation of a trademark registration. To oppose the use of a trademark, the owner must hold a registered trademark. However, any party may oppose the registration of a trademark or request its cancellation.

An exception to this provision concerns famous trademarks: the owner of a famous trademark may oppose the use or registration of a trademark even if its own sign is not registered.

The trademark owner enjoys the rights conferred by law, including the exclusive use of its registration, only if it holds title of registration.

In order to obtain protection, the applicant should be able to show prior use of the trademark in the market. If the trademark is not in use, the first to file the application obtains registration.

Use requirements

There is no specific amount of time after which unregistered trademark rights are recognized, even if they are famous trademarks. To prevent third parties from using a famous trademark, the owner must file evidence as to the extensive use of the trademark.

3. Registered marks

Ownership

The owner of a mark can be an individual or a public or private legal entity, and need not be a Panamanian national.

Scope of protection

Protected: By definition, a 'trademark' is "any sign or word or combination thereof or any other form that may be capable of distinguishing a product or service on the market".

The following can be registered as trademarks:

- words or combinations of words, including those that serve to identify persons;
- images, figures, symbols and graphic material;
- letters, figures and combinations thereof consisting of distinctive elements;
- three-dimensional shapes, including the wrapper, packaging or shape of a product, its presentation and holograms;
- various colour combinations; and
- any combination of these elements.

Not protected: The following cannot be registered as trademarks:

- reproductions or imitations of coats of arms, flags or other emblems, acronyms or names

of any state, national or international organization, without due authorization;

- marks that together constitute descriptive indications of the nature, characteristics, use or application, type, quality, quantity, purpose, value or place or time of manufacture or origin of the product or provision of the service concerned, or expressions that constitute the usual or generic designation of the product or service, with the exception of descriptive or generic marks that have become distinctive or special through use;
- figures or three-dimensional shapes capable of deceiving or misleading the public as to the nature, components or properties of the goods and services they are intended to cover;
- denomination of populations or places known for the manufacture of certain goods which are used to cover those goods, with the exception of special and non-confusing names of private property, provided that the owner's consent has been obtained;
- signs that are contrary to morality, public policy or proper practice;
- names, pseudonyms, signatures and portraits of non-applicants without their consent or, if deceased, their successors' consent, with the exception of portraits or names of historical figures;
- designs on coins or banknotes, hallmarks denoting control or warranty used by the state, seals, stamps or tax imprints in general;
- marks that include or reproduce medals, awards, diplomas or other elements that give the impression that recognition has been received for the corresponding goods or services, except when such awards have been genuinely granted to the applicant or to the assignee of the registration rights, provided that proof is filed at the time of application;
- marks that are identical or similar in orthographic, graphic, phonetic, visual or design aspects to another mark that is used or known and has been registered or is pending registration on behalf of another person to

distinguish the same or similar goods or services, provided that the similarity or identity is liable to cause confusion;

- marks that are identical or similar to a famous trademark and are intended for application covering any product, service or well-known sign for specific goods or services according to the group of consumers to which they are addressed;
- proper or common geographical denominations, maps and nouns and adjectives when they denote the source of the goods or services and are liable to cause confusion regarding that source;
- marks that consist of the Spanish translation of another mark that is already used, known, registered or pending registration to distinguish identical or similar goods or services;
- marks that are total or partial reproductions, imitations, translations or transcriptions liable to deceive, confuse or mislead the public of a known trade name belonging to a third party that was being used before the date of the registration application in Panama;
- three-dimensional shapes that lack originality to distinguish them from the usual shape of the goods or which are dictated by the nature or industrial functions of the goods;
- animated or changing names, figures or three-dimensional shapes that are expressed by movement, even when they are visible;
- the titles of literary, artistic or scientific works and fictional or symbolic characters, except with the author's consent when, in accordance with the relevant law, the author retains full possession of his or her rights;
- letters, numerals or colours in isolation, except when combined with or accompanied by elements such as signs, designs or denominations that give them distinctive character;
- words, letters, characters or signs that are used by indigenous or religious communities

or non-profit associations to distinguish the manner of processing goods or finished goods or services, and also those that constitute expressions of their culture or customs, idiosyncrasies or religious practices, except where the application is formulated on their behalf by one of the communities or associations; and

- trademarks whose design basis makes reference to national historical monuments and sites that are recognized as such by law.

4. Procedures

Examination

Trademarks are filed at the General Directorate of Industrial Property Office of the Ministry of Commerce. The following information must be included alongside the application form:

- applicant's name and identification number (individual) or denomination (company);
- nationality (individual) or articles of incorporation (company);
- address;
- trademark denomination, class and goods covered; and
- priority claimed (if applicable).

The application must be accompanied by the following documents:

- a power of attorney notarized and legalized by the Panamanian consulate or by apostille. This document must be complete and include the correct name and address of the applicant;
- for a company, a recently issued certificate of incorporation, duly legalized by apostille or the Panamanian consulate – this certification is issued by a notary public or by the authority in charge of the Companies Register of the country of origin, certifying the legal existence of the

company, that it still exists and any other relevant information;

- for an individual, a copy of his or her identification or passport document;
- an affidavit of use executed by the applicant;
- 15 labels measuring 7.5 centimetres by 6 centimetres;
- a priority document (if the claimant wishes to claim convention priority) and a certified copy of the application issued by the trademark office of a Paris Convention member country; and
- if required, an authorization letter, notarized and duly legalized by the Panamanian consulate or apostille.

Panamanian law does not allow multiple class applications; therefore, a separate application for each class is required. Each application form must be accompanied by the relevant documentation. Urgent applications may be filed without the power of attorney and certificate of existence, which may be filed later.

Once filed, the trademark application is assigned an application number and date. Within two to four months the general directorate examines the trademark for absolute grounds for refusal, as well as for any missing documents or necessary changes.

If modification is needed, the applicant is notified of this and amendments must be made within three months of notification.

After examination for absolute grounds for refusal, the trademark is either refused (the applicant may apply for reconsideration and then appeal if it so wishes) or approved and published in the *Industrial Property Bulletin*.

Within two months of the publication date any third party may file opposition proceedings against the registration of the trademark with the Trademark Court.

Opposition

Under Laws 35/1996 and 29/1996 (the Unfair Competition Law), oppositions are decided by the Eighth and Ninth Circuit Courts. The Civil Procedure Code also applies to general procedural matters.

An opposition can be filed by any party that believes its rights will be damaged by the registration of that trademark. The opposition must be lodged within two months of publication of the application in the *Industrial Property Bulletin*. Depending on the defendant's domicile, it may take up to four months for the complaint to be served on the defendant. Once the defendant has answered the complaint, a hearing will be scheduled. At the hearing the parties will submit evidence and arguments. The ruling is issued within approximately 20 days of the hearing. Decisions may be appealed to the Third Superior Court.

Registration

If the opposition period ends without any opposition being filed, the trademark is granted registration. The registration certificate will be received within six months of the publication date.

If an opposition has been filed, the general directorate postpones registration until the court's decision is received.

Removal from register

A registration can be removed from the Trademarks Register in case of:

- withdrawal by the owner of the registration;
- non-use for more than five consecutive years;
- expiration of the registration with no renewal filed within the legal term; or
- a final and binding judgment declaring the nullity of the registration and ordering cancellation.

Removal from the register for non-use or nullification must be requested through the courts.

Cancellation: Any interested party can file a cancellation action against a trademark registration that has not been used in national or international commerce for more than five consecutive years. An action can be filed five years after the registration date.

The burden of proof regarding use of the trademark rests with the owner of the registration. Use is considered on a worldwide basis, not just in Panama.

Nullification: A nullity action can be filed by any interested party against a trademark registration that was:

- granted in contravention of Article 91 of Law 35/1996 (absolute grounds for refusal);
- based on false or inaccurate essential information contained in the application or the accompanying documents (bad faith); or
- applied for and registered – in his or her own name or on behalf of a third party – by the attorney, representative, user or distributor of the owner of an identical or confusingly similar trademark that is already registered in another country without the authorization of the owner of the foreign trademark (bad faith).

Actions seeking the invalidation of a trademark registration on these grounds must be brought within 10 years of the registration date, except where the registration has been applied for and registered in bad faith (in such cases the action may be brought at any time).

A registration can be completely or partially invalidated.

Timeframe

The timeframe for registration is as follows:

- unopposed registration – up to 12 months from the filing date;
- opposition – eight to 12 months from the publication date; and

- administrative proceedings (eg, renewal, change of address) – up to eight months from filing the proceeding.

Searches

Searches are available for the following marks:

- identical or similar word mark per class – \$5.20, plus legal fees;
- figurative mark per class – \$5.20, plus legal fees; and
- identical or similar word mark in all classes – \$234, plus legal fees.

In addition, a search can be carried out according to owner for a fee of \$14, plus legal fees.

5. Enforcement

Complexity

Infringement actions must be brought before the courts. Such actions can be criminal and/or civil.

The Eighth and Ninth District Courts rule on civil actions. Jurisdiction for criminal actions is held by the courts of the judicial district where the infringing act was committed.

Civil actions

In civil cases of infringements of trademark rights, an action can be brought against the manufacturer, marketer, distributor and/or all persons that in any way took part in the production and circulation of the infringing product – that is, any party which:

- falsifies a trademark or trade name;
- uses on its own goods or articles in trade, in connection with services or on commercial labels or publicity a trademark, trade name or designation that is identical or similar to one belonging to another person;
- uses a trademark, trade name or designation in a manner intended to imitate a trademark, trade name or designation that is registered by another person;
- sells, offers for sale or consents to sell or distribute articles or services that bear falsified or fraudulently affixed trademarks, or identifies its business or manufacturing establishment through the use of labels, stationery and other distinctive material bearing falsified or fraudulently affixed trademarks or trade names or designations;
- marks articles or consents to the marking of articles with false designations or labels relating to their nature, quality, quantity, number, weight or amount or regarding the country of source or manufacture, or uses designations of trademark registration or the abbreviation ‘RM’ (registered mark) when the mark is not registered;
- knowingly sells or offers for sale articles or services bearing false indications; or
- makes 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 distinctiveness or the commercial value of the registered mark and thereby causing damage to the owner.

In addition to the penalties set out in the Criminal Code, the civil judge may apply all or any of the following penalties:

- a fine of between \$10,000 and \$200,000 imposed on the infringer, accomplices or accessories – if the infringer is a travelling vendor or peddler, the fine will be between \$500 and \$5,000;
- for companies that operate in a free zone, processing zone for export or special zone in Panama, a fine equalling 25% of the company’s commercial activity, but not less than \$75,000; and
- suspension of the right to trade or engage in industry for a period of three months, or suspension or cancellation of the operating licence granted by the administration of the free zone or other export zone.

In the event of a repeat offence, the infringer may be fined up to four times the maximum specified and suspension may be applied for a one-year period.

Criminal actions

Any person who forges, alters or imitates a trademark, trade name or slogan, or uses it to commercialize or circulate a product or render services, will face imprisonment of between two and four years. In the case of a person who manufactures, commercializes or circulates a product or renders services with reference to an origin or denomination of origin infringing IP rights, imprisonment of between one and two years is available. If infringing actions endanger public health, a prison sentence of between 30 months and six years may be imposed.

If the infringer is a travelling vendor or peddler, the penalty will be one-sixth of the prison sentence laid down for each crime. In case of an endangerment to public health, the prison sentence will be between one and two years.

The criminal judge may also apply the following penalties:

- suspension of the right to engage in business or industry for a period of three months; and
- suspension or cancellation of the permit to engage in business granted by the administration of a free zone.

Timeframe

The enforcement timeframe varies depending on:

- the complexity of the case;
- the evidence submitted;
- the evidence to be obtained;
- the experience of the judge; and
- the interests of the parties.

At first instance, a civil trial takes between one and three years, with the second instance lasting from two to eight months.

6. Ownership changes – legalization requirements

A trademark can be transferred by assignment from the owner to a third party, by merger or by succession. A transfer of ownership must be registered with the general directorate in order to obtain protection to oppose third-party use or registration.

Depending on the type of proceeding, certain documents are required.

The recordal of assignment requirements are as follows:

- a power of attorney notarized and legalized by the Panamanian consulate or apostille. This document must be complete and include the correct name and address of the applicant;
- for a company, a recently issued certification of existence, duly legalized by apostille or the Panamanian consulate – this certification is issued by a notary public or by the authority in charge of the Companies Register of the country of origin, certifying the legal existence of the company, that it still exists and any other information considered relevant; and
- an assignment document signed by both parties and notarized and legalized by apostille or the Panamanian consulate (a notarized and legalized copy of the original is also acceptable).

The recordal of merger requirements are as follows:

- a power of attorney of the surviving company, accompanied by a recently issued certificate of existence for a company and a copy of identification or passport documents for an individual; and
- a merger certification or certified articles of merger as issued by the Companies Register of the country of origin, certifying the

merger of the company – this document must be legalized by apostille or the Panamanian consulate.

The change of name requirements are as follows:

- a power of attorney of the company under its new name, accompanied by a recently issued certificate of existence for a company; and
- a change of name document issued by the Companies Register of the country of origin, certifying the company's change of name – this document must be legalized by apostille or the Panamanian consulate.

The licence requirements are as follows:

- a power of attorney of any of the parties, accompanied by a recently issued certificate of existence for a company and a copy of identification or passport documents for an individual; and
- a licence agreement or an extract of the original agreement, signed by both parties, notarized and legalized by apostille or the Panamanian consulate (a notarized and legalized copy of the original is also acceptable). This document must also list the parties, details of the trademarks, duration of the licence, the goods and territory to which it relates and whether it is an exclusive licence.

7. Areas of overlap with related rights

There are certain areas of overlap between trademark rights and other rights for which the owner is protected, provided that the requirements for each right are fulfilled.

Examples of overlapping rights include:

- protection of a cartoon character as a design, trademark or copyright; and
- a design also protected as a copyright, for example as a drawing or an industrially

applicable design (ie, printed or inserted in an industrially developed product).

8. Online issues

Disputes between domain names and trade or service marks are handled by the World Intellectual Property Organization (WIPO) Arbitration and Mediation Centre. For such disputes, the Network Information Centre of Panama has adopted the following rules:

- the Internet Corporation for Assigned Names and Numbers (ICANN) Uniform Domain Name Dispute Resolution Policy;
- the ICANN Rules for the Uniform Domain Name Dispute Resolution Policy; and
- the WIPO Supplemental Rules for the Uniform Domain Name Dispute Resolution Policy.

When registering a domain name, the applicant must accept the following statements:

- The applicant declares and guarantees that it has tried as far as possible to determine that the registration of the domain name and the way it is used, direct or indirectly, do not infringe or violate the rights of third parties.
- The applicant declares and guarantees that, to its knowledge and understanding, the registration and use of the domain name does not violate any legislation or existing regulations.
- The registrar reserves the right to cancel, transfer or amend in the registry a domain name if it receives a judicial decision or a decision of an administrative panel requiring such action.

There are no specific provisions protecting owners against unauthorized use of marks on websites or in hyperlinks, online advertisements or metatags. However, Law 35/1996 establishes that trademark owners can enforce their rights against the use of identical or similar signs by unauthorized third

parties; therefore, civil and/or criminal actions can be brought against such infringement. These conflicts can be resolved by the Panamanian courts, the Panama Arbitration and Conciliation Centre or the Mediation Centre of the Judicial Organ.

