

# Unauthorized Use of Trademarks on the Internet: How can Trademark Law help?

FICPI 16th Open Forum  
St. Petersburg, Russia  
7 October 2016

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# Unauthorized Use of Trademarks on the Internet

## Overview

- Law 35 of 1996  
(Panama Industrial Property Law)
  - Infringement action (Civil)
  - *Ex officio* probe (Criminal)
  - Special penalties (Criminal)
- Criminal Code of Panama
  - Enforcement

# Unauthorized Use of Trademarks on the Internet

## Law 35 of 1996

- § 164(17)\*: Defendant
- § 167: Civil – Plaintiff
- § 168: Civil – Lapse to initiate an action
- § 169: Civil – Claims
- § 170\*: Civil – Quantification of damages
- § 171\*: Civil – Injunctive relief, security
- § 172\*: Civil – Injunction (types), lapse
- § 165\*: Criminal – Special penalties
- § 173\*: Criminal – *Ex officio* probe

\* as amended by Law 61 of 2012

# Unauthorized Use of Trademarks on the Internet

## Criminal Code

- **§ 268:** Egregious trademark infringement
- **§ 283:** Passing-off

# Unauthorized Use of Trademarks on the Internet

## When did it become trademark infringement in Panama?

- On 2012 an amendment to Law 35 of 1996 introduced the unauthorized use of trademarks on the Internet [§ 164(17)] as a new form of infringement.

# Unauthorized Use of Trademarks on the Internet

## Why did they incorporated it to Law 35 on 2012?

- Law 61 was enacted on October 5, 2012 to “adjust” Panama industrial property legislation to the U.S.-Panama Trade Promotion Agreement, which was entering into force on October 31, 2012.

# Unauthorized Use of Trademarks on the Internet

## U.S.-Panama TPA Article 15.2(3)

- The owner of a registered trademark shall have the exclusive right **to prevent all unauthorized third parties from using** in the course of trade identical or similar marks on goods or services related to those for which the trademark is registered, where such use would result in a likelihood of confusion.

# Unauthorized Use of Trademarks on the Internet

## Law 35 § 164(17) (as amended by Law 61 of 2012)

*“17. Any person who, without the consent of the owner, uses a trademark or trade name as a domain name, email address, name in electronic media or other similar type of designation in electronic media, whenever it is **evident** that it was intended for use in connection with goods or services for which the mark or trade name is registered, or on related products or services.”*



# Unauthorized Use of Trademarks on the Internet

## Evident intended use

- Domain name
- Email address
- Name in electronic media
- Other similar type of designation in electronic media
  - Tags
  - Meta tags

Yes	No
X	
X	
X	
	X
	X

# Civil Action - Plaintiff

## Law 35 § 167

- The owner of a trademark may bring a civil action before a competent court against whoever infringed it.
- In case of joint ownership, any of the joint owners may raise the infringement action, even without the consent of the others, unless otherwise agreed to the contrary.

# Civil Action - Lapse

## Law 35 § 168

- The action for trademark infringement **shall lapse in six years** from the date of the latest infringement.

# Civil Action - Claims

## Law 35 § 169

One or more of the following measures may be requested in a trademark infringement action:

- The **cessation of the infringing acts**;
- **A compensation for damages**;
- Measures that may be necessary to **prevent continuing or repeat offenses**;
- **Publication of judgment** on the Official Gazette.

# Civil Action – Appraisal of Damages

## Law 35 § 170 (as amended by Law 61 of 2012)

Criteria, at plaintiff's option:

- **Loss of profit suffered by right holder;**
- **Profit** resulting from the infringement;
- **Royalty** that would have been paid for a license;
- The value of the infringing goods in the legitimate market.

# Civil Action – Preliminary Injunction

## Law 35 § 171

### (as amended by Law 61 of 2012)

- Preliminary injunctive relief is available.
- The request shall be handled *inaudita altera parte*.
- The judge shall execute the injunction immediately.
- The plaintiff may be ordered to place a security within three working days from the date the injunction was asserted.

# Civil Action–Injunction Types, Lapse

## Law 35 § 172

### (as amended by Law 61 of 2012)

- Cessation of infringing acts;
- Seizure of goods, instruments and documents;
- Suspension of import/export of infringing goods;
- Security to guarantee payment for damages;
- Suspension of free trade zone business permit;
- Seizure of infringing goods by Customs.

Injunction shall be void as of right if the action is not brought within ten days after the injunction was asserted.

# Criminal – Ex Officio Probe, Settlement

## Law 35 § 173 (as amended by Law 61 of 2012)

- *Ex officio* probe on crimes against trademark.
- Injunctions to ensure enforcement, *inter alia*, seizure of allegedly infringing goods, as well as the instruments used in the infringement.
- Early termination of proceedings shall be granted if rightholder and defendant file a joint motion to dismiss.



# Criminal – Special Penalties

## Law 35 § 165 (as amended by Law 61 of 2012)

One or more of the following penalties shall be imposed to infringers under Law 35 § 164:

- Fine: US\$ 10,000.00 to US\$ 200,000.00 (25% of monthly turnover of Free Trade Zone-based companies; not less than US\$ 75,000.00);
- Three-month bar from engaging in business;
- Three-month suspension of business permit for Free Trade Zone-based companies (Up to cancellation to repeat offenders.)

# Criminal - Enforcement

## Criminal Code § 268

- Imprisonment: Not more than six years; not less than four years.
- Forgery, fraudulent alteration or imitation of a trademark; import, export; trafficking in counterfeit goods, or making counterfeit goods or services available in the market.

# Criminal – Passing-Off

## Criminal Code § 283

- Dissemination of false or altered information about a competitor or use of fraudulent means to divert competitor's customers for own benefit or the benefit of a third party, **if such diversion causes damages.**
- Penalty: Imprisonment for not more than three years; not less than 18 months or its equivalent in day-based fines or arrest weekends.

# Did Trademark Law help?

## A case of unauthorized use of a trademark on the Internet

- *Alca Trading Corp. v. Semusa Realty Corp. A.k.a. Semusa Bienes Raices Corp.*, 23 A-A-2007, 3d Dis. Ct. of App., 1st. Circ. 09 Apr. 2007.
- Only recorded decision where the issue of unauthorized use of a trademark on the Internet has been approached in Panama.
- Refers to the use of a registered trademark as a part of the designation of a competitor's website.

# *Alca v. Semusa*

## **Case facts**

- **Appellant:** Alca Trading Corp. (Alca)
- **Appeal:** Against ruling by lower court denying a request for preliminary injunction.
- **Objective:** To prevent Semusa Realty Corp. (Semusa) from using a trademark.

# *Alca v. Semusa*

## Case facts

- **Trademark:** Panama Relocation Services
- **Registration:** 113625-01, int. class 35
- **Services:** Counseling in relocation of executives and families; assistance with moving and transport of personal property, search for housing and offices, repatriation programs, community research and, in general, support immigrants during the transition period.

# *Alca v. Semusa*

## **Lower court held:**

- Alca failed to produce the minimum necessary evidence under Law 35 to prove that Semusa was connected with the effective use of the trademark in a website at [www.semusarealty.com](http://www.semusarealty.com) .
- Even if the web address matched the distinctive part of the trade name of the alleged infringer, proper evidence of their ownership was not filed.

# *Alca v. Semusa*

## Apellant's arguments:

- Alca proved it had a legitimate interest
  - Ownership of class 35 registration 113625-01
  - Business under trade name since May 1999
- It was **evident** that Semusa was using their trademark in its website **without their authorization** to offer the same services, aiming the same market segment.
- The contents of Semusa's website showed sufficient connection of that company the alleged infringement.



# Alca v. Semusa

## Interior del Ministerio de Comercio e Industrias informa que:

En el Sistema de PANAMÁ EMPRENDE se encuentra registrada la siguiente información:

Número de Aviso de Operación:	61132-63-348504-2007-13382
Número de Licencia o Registro:	2656199908
Fecha de Inicio de Operaciones:	01 de Mayo de 1999
Razón Comercial:	PANAMA RELOCATION SERVICES
Razón Social:	ALCA TRADING CORP.
Numero de RUC:	61132-63-348504
Dígito Verificador:	63
Representante Legal:	
Dirección del Establecimiento:	CALE 47 Y ESQUINA CON CALLE URUGUAY, EDIF. AMCHAM, LOCAL P/B, corregimiento de BELLA VISTA, distrito de PANAMA, provincia de PANAMA
Descripción de Actividades:	SERVICIOS DE REUBICACION DE EMPLEOS A EJECUTIVOS Y FAMILIAS
Capital Invertido:	B/. 10,001.00
Estatus:	VIGENTE

Fecha de Expedición: 1 de Septiembre de 2016 a las 20:09:16.

### AVISO DE VALIDEZ

Este documento es válido tal como lo establece el artículo 2 de la Ley 2 de 2013: Toda la Información de Aviso de Operación que repose en el Sistema PANAMÁ EMPRENDE tendrá plena validez jurídica y se presume cierta.

Las instituciones de la Administración Pública encargadas de la supervisión y la fiscalización de las normas aplicables a las distintas actividades económicas, estarán en la obligación de acceder al Sistema PANAMÁ EMPRENDE, a fin de obtener información necesaria para realizar sus funciones.

No. de Control: 2016-792131


[www.panamaemprende.gob.pa](http://www.panamaemprende.gob.pa)

Source: PanamaEmprende.gob.pa

Alca's business permit since 1999

# Alca v. Semusa

Directory / Moving / Relocation services

 **GS Relocation Panama** ★

Relocation services in Panama

74 St. East and 5th Avenue South  
San Francisco  
Panama City  
Panama [Show map](#)

+507 3 225 000  
[Go to website](#)

GS Relocation Panama began in 2000 as "The Concierge." In the year 2006 it becomes part of Grupo Semusa and changed its name to GS Relocation Panama, S.A.

Since then, our business has grown and we have a team of trained and certified Relocation Counselors, an extensive menu of relocating solutions, local and international alliances and added values beyond compare!

We rely on internal tools to provide the best service:

- > Multilingual Relocation Counselors
- > CRM & RAG
- > Balanced Scored Card
- > International Training

Source: justlanded.com

Excerpt of Semusa's website (currently down)  
as found on a web directory

# *Alca v. Semusa*

## Court of Appeals' reasoning:

- The appeal is limited to:
  - Asserting the appearance of *fumus boni iuris* and *periculum in mora*.
  - Establishing the difficulty of having certainty of the person responsible for the contents of a website.
- There is no indication of a connection between Semusa and the website.
- Operation of gTLDs is delegated under ICANN's policies. It should not be difficult to prove who has registered a given domain name.

# *Alca v. Semusa*

## **Decision**

- The 3<sup>rd</sup> District Court of Appeal did not find a reason to revoke or modify the lower court's decision; it upheld the ruling, accordingly.

# Спасибо !

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