

(S. B. 1114)
(Conference)

(No. 169)

(Approved December 16, 2009)

AN ACT

To repeal Act No. 63 of August 14, 1991, as amended, known as the “Puerto Rico Trademark Act,” and adopt a new statute to regulate the trademark law in the Commonwealth of Puerto Rico, which shall be known as the “Government of Puerto Rico Trademark Act.”

STATEMENT OF MOTIVES

In a global market, intellectual property right is the main asset of any company. Trademarks specifically have the purpose of identifying the goods and services of any industry in addition to representing the capital gain of the business. As in other states of the United States, Puerto Rico has an office in charge of administering the procedures related to the mark registration at state level—such office is known as the “Puerto Rico Trademark Office” (PRTO). For such reason, it needs a statute to be tempered in an orderly manner with the present circumstances which are typical in the practice of trademark law in Puerto Rico.

The new Government of Puerto Rico Trademark Act incorporates elements of Act No. 63 of August 14, 1991, the Lanham Act (US Trademark Act, 15 USC 1051 et seq.), and the Model State Trademark Act, and merges such elements into a progressive statute.

Among the most important aspects of this Act are the new definitions of mark, which have the effect of providing more objectivity for the practice of the trademark law and consequently for commerce in Puerto Rico. In addition, other elements that may be subject to registration are added such as: product designs and interior design, sounds and scents, among others, as well as goods and service identification methods.

On the other hand, the new statute establishes registration prohibitions in response to the difficulty posed by the registration process or by identifying which marks are subject to protection. It also specifies the protection of personal names and geographical designations and includes protection on packages and containers and famous marks. With this kind of protection, we seek to provide incentives for industries related to marks, marketing, and branding, while affording protection for multinational industries in Puerto Rico, so that they may be more confident when doing business in Puerto Rico.

According to economic theories relevant to the international trademark protection, this new statute includes express provisions relative to the registration of marks not in use, thus granting more protection concerning this issue. By protecting marks not in use, an incentive is provided for small and medium-size businesses undergoing commercial expansion.

The approval of this new statute shall provide greater confidence to national and multinational companies doing or wishing to do business in Puerto Rico.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

SECTION 1.- TITLE

This Act shall be known as the Government of Puerto Rico Trademark Act.

SECTION 2.- DEFINITIONS

A. Dilution of the Distinctive Nature of a Mark: dilution of the distinctive nature of a famous mark by blurring or tarnishment, regardless of the presence or absence of:

- 1) Competition between the owner of the famous mark and other parties,
or
- 2) Actual or likely confusion, mistake, or deception, or
- 3) Actual economic injury

B. Dilution of the Distinctive Nature of a Mark by Blurring: association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.

C. Dilution of the Distinctive Nature of a Mark by Tarnishment: association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

D. Trade Dress: all the elements, the total image or appearance of goods or services which serves to identify and present such goods or services to consumers. Trade dress may include factors such as size, shape, color or color schemes, textures, graphics, designs, words, numbers or other visual factors on the container, package or wrapping of the product, the façade or decoration (whether interior or exterior) of a business, including marketing techniques and advertising material used to promote the sale of the goods or services.

E. Mark: any sign or medium that serves to distinguish in the market the goods and services of a person, as well as the goods or services of another person. The term includes any trademark or service mark, certification mark and collective mark.

F. **Trademark:** any word, name, symbol, trade dress, medium, logo, design, color, sound, scent, shape, object or any combination thereof that:

- 1) Is used by a natural or juridical person in commerce; or
- 2) Any natural or juridical person has a bona fide intention to use in commerce and applies for registration thereof; and serves to identify and distinguish his/her goods from those manufactured or sold by others and to indicate the source of said goods even if that source is unknown.

G. **Service Mark:** any word, name, symbol, trade dress, medium, logo, design, color, sound, scent, shape, object or any combination thereof that:

- 1) Is used by a person in commerce; or
- 2) A person has a bona fide intention to use in commerce and applies for registration thereof; and
Serves to identify and distinguish the services of one person from the services of others and to indicate the source of the services even if that source is unknown.

H. **Certification Mark:** any word, name, symbol, trade dress, medium, logo, design, color, sound, scent, shape, object or any combination thereof that:

- 1) Is used in commerce by a person other than its owner or holder; or
- 2) Which its owner or holder has a bona fide intention to permit a person other than the owner or holder to use in commerce and applies for its registration.

I. **Collective Mark:** a trademark or service mark that:

- 1) Is used by the members of a cooperative, an association, or other collective group or organization; or

- 2) Which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies for registration thereof. It further includes marks indicating membership in a union, an association, or other organization.
- J. **Abandoned Mark:** a mark deemed to be abandoned. A mark is deemed to be abandoned when:
- 1) Its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for three (3) consecutive years shall constitute prima facie evidence of abandonment; or
 - 2) Any course of conduct of the owner or holder, including acts of omission as well as commission which cause the mark to become generic or to otherwise lose its meaning or its referential nature as a mark.
- K. **Registered Mark:** mark registered in the Trademark Registry of the Department of State of the Government of Puerto Rico.
- L. **Trade Name:** any name used by a person to identify his/her business or vocation.
- M. **Person:** any other word or term used to designate or identify the applicant or any party entitled to a benefit or privilege or rendered liable under the provisions of this Act includes any natural or juridical person. The term "juridical person" includes a firm, partnership, corporation, union, association, or any other organization capable of suing and being sued.
- N. **Secretary:** the Secretary of State of the Government of Puerto Rico or his/her designee charged with the administration of this Act.

- O. **Secondary Meaning:** Distinctive feature or new meaning that an originally non distinctive mark acquires when the consumer associates a mark with a particular source of goods or services, even if unknown, as a consequence of the use of such mark in commerce. The Secretary may accept as evidence that the mark has acquired a secondary meaning for the goods or services in question, proof of the continuous use of the mark in commerce during five (5) years preceding the date on which an allegation as to the fact that the mark has achieved secondary meaning is made.
- P. **Applicant:** the person who files an application for registration of a mark under this Act, his/her legal representatives, successors and assignees.
- Q. **Principal Registrant:** the person to whom the registration of a mark under this Act is issued and the legal representatives, successors, and assignees.
- R. **Use in Commerce:** the bona fide use of a mark in trade in Puerto Rico. For purposes of this Act, a mark shall be deemed to be in use in commerce:
- 1) On goods, when it is placed in any manner on the goods or their packaging or containers or the shelves or displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and the goods are sold or transported in Puerto Rico; and
 - 2) On services when it is used or displayed in the sale or advertising of services and the services are rendered in Puerto Rico.

SECTION 3.- RIGHT TO USE A MARK

The right to use a mark is acquired upon:

- 1) The use of the mark in commerce; or
- 2) The registration thereof based on the bona fide intention to use the mark in commerce.

SECTION 4.- REGISTRATION OF TRADEMARKS

A. Marks Used in Commerce:

The owner or holder of a trademark used in commerce may request registration of its trademark by filing:

1. An application before the Secretary signed by the applicant or his/her representative in the form provided by the Secretary through regulations;
2. A statement under perjury of law stating that : (i) the mark is in use in commerce; (ii) to the best of his/her knowledge, no other person has the right to use such mark in Puerto Rico; and (iii) the description and specimens or drawings submitted truly represent the mark for which registration is requested;
3. A specimen of the mark as used in commerce, in the form and number provided by the Secretary by regulations; and
4. The amount corresponding to registration fees as provided by the Secretary through regulations.

B. Marks Not in Use

A person who has a bona fide intention to use a trademark in Puerto Rico may request registration of its trademark by filing:

1. An application before the Secretary signed by the applicant or his/her representative in the form provided by the Secretary through regulations;

2. A statement under perjury of law stating that : (i) the applicant has the bona fide intention to use the mark in commerce; (ii) to the best of his/her knowledge, no other person has the right to use such mark in Puerto Rico; and (iii) the description and specimens or drawings filed, if applicable, actually represent the mark the registration of which is requested;
3. A specimen of the mark as it shall be used in commerce, in the form and number provided by the Secretary by regulations; and
4. The amount corresponding to registration fees as provided by the Secretary through regulations.

Within five years (5) counted as of the date of filing the application for registration of a mark not in use in commerce in Puerto Rico, as a condition to keep such registration in effect, the principal registrant shall attest under oath and with proof of use that he/she began to use and is using such mark in commerce. After the abovementioned five (5)-year period has elapsed, if the principal registrant has failed to attest under oath to the use of the mark in commerce, such mark shall be cancelled. Notwithstanding the foregoing, the principal registrant of a mark not in use may apply, prior to the expiration of the five (5)-year term and for just cause, an extension of up to one (1) year as provided by the Secretary by regulations.

C. Unregistrable Marks

No trademark which consists of the following shall be registered:

1. Material contrary to the law, morality or public order;

2. The flag, coat-of-arms or other insignia, sign or symbol of Puerto Rico or the United States or the states, municipalities, territories, cities, municipalities or foreign cities or nations, or any simulation thereof.
3. The full name, with one or two surnames, likeness, moniker, signature or combination thereof of a person, unless it is substantially distinctive, has acquired a secondary meaning, or is a historical character of public domain, whose name is arbitrarily used and does not describe the goods or services identified by him/her.
4. Words descriptive of the goods or services in which the mark is used, unless they have acquired secondary meaning.
5. Words to indicate the genre of the goods or services in which the mark is used.
6. Shape or packaging when the nature, shape or packaging is essential to its function.
7. Geographic names or terms indicating the source or origin of the goods or services, except when the same have acquired secondary meaning, or deceptive geographic terms. Geographic terms may be registered if there is no relation between the product and the geographic area in question. In other words, the arbitrary use of a geographic term is registrable as a mark, provided that the location whose name is sought to be used as mark, is not known as the producer of the goods sought to be identified with the mark.

8. An equal or substantially similar mark causing confusion with another registered mark or a mark being used in commerce by another person and which is used or shall be used for goods or services equal or similar to those of a mark already registered or previously used in commerce.
9. A mark equal or substantially similar to a famous or notable mark of any country known to the relevant market in Puerto Rico, even if it is not used in Puerto Rico.

SECTION 6.- DISCLAIMER OF UNREGISTRABLE MATTER

The Secretary may require an applicant to disclaim protection of an unregistrable component of a mark otherwise registrable. An applicant may voluntarily disclaim protection of a component of a mark sought to be registered.

Notwithstanding the foregoing, the disclaimer of an unregistrable component shall not prevent such component from acquiring secondary meaning in the future with all its rights, including access to the register.

Likewise, no disclaimer of a component shall impair the rights of an applicant over the mark registered in its entirety.

SECTION 7.- FILING OF APPLICATION

Once an application which meets the requirements of Section 4 of this Act has been filed, and the corresponding fees have been paid, the Secretary shall proceed to record the date and time of receipt and shall examine the application.

- A. If the registration of the mark is rejected, the Secretary shall notify the applicant, stating the reasons for the rejection.
- B. If the registration of the mark is approved, the Secretary shall notify the applicant for the latter to publish once (1) in a newspaper of daily general circulation in Puerto Rico, a public notice stating the intent to register the mark. The public notice shall contain the name of the applicant or his/her

attorney, address, name of the mark, code of the class under which the application is filed, and a warning stating that any person injured by the application for registration shall have thirty (30) days to oppose to the same.

Once the applicant has complied with the publication requirement, he/she shall file in the Department of State a sworn statement from the manager or any other official of the newspaper certifying the date on which said publication was posted. If no oppositions are filed within the thirty (30)-day term, the Secretary shall then register the mark and issue the corresponding certificate. The effects of the registration shall be retroactive to the date the application was submitted.

SECTION 8.- OPPOSITION TO REGISTRATION, NOTICE AND SUFFICIENCY

Any person that considers he/she is injured by the registration of a mark can oppose said registration by filing a notice of opposition before the Secretary stating the grounds therefor, within thirty (30) days following the date of publication of the public notice. Notwithstanding the foregoing, the opposing party may request, before the term has elapsed and by just cause, an extension of up to twenty (20) days. The opposing party shall issue to the applicant a copy of the notice of opposition through certified mail with acknowledgement of receipt or by any other means with proof of delivery. The Secretary shall establish by regulations the procedure to be followed for the adjudication of the opposition.

SECTION 9.- CONFLICT

When two or more marks are pending registration and are in conflict because of their similarity, the Secretary shall decide which one shall be registered and give notice of his/her decision to the affected party.

A duly registered mark not in use shall prevail over an application for registration of a mark subsequently filed, provided, that the provisions set forth in this Act applicable to registered marks not in use are observed.

SECTION 10.- ASSIGNMENT OF A MARK

Any registered mark or application for mark registration may be assigned; provided, that said assignment does not affect the term of effectiveness of the registration established in this Act. Said assignment shall be made through a document in compliance with the requirements established through regulations by the Secretary. The Secretary shall record said assignments on the Register and issue the corresponding certificate.

SECTION 11.- MARK LICENSE OR LIEN

The principal registrant of a mark may present a copy of the license granted to use a mark, to be included in the record of the mark at the Puerto Rico Trademark Office.

The owner of a lien or a mark may present a copy attesting to such lien at the Puerto Rico Trademark Office, to be included in the record of such mark.

SECTION 12.- REGISTRATION CERTIFICATES

The Secretary shall issue mark registration certificates on behalf of the Government of Puerto Rico under the Great Seal of Puerto Rico.

The Secretary shall publish the granting of such certificates within a term of one (1) month as of the date of the registration. The publication shall include the same information for the public notice required for the registration of a mark.

A Mark Registration Certificate under the provisions of this Act shall be prima facie evidence of the validity of the mark; of the use in commerce of the mark since the date stated in the certificate; of the principal registrant's ownership of the mark; and of the principal registrant's exclusive right to use the mark in commerce, subject to any conditions or limitations stated in the certificate.

SECTION 13.- MARK REGISTRATION CERTIFICATE AS EVIDENCE

The records of registered marks, statements and documents filed therein, and the mark registration certificates signed and sealed as stated above shall be attesting evidence in any suit in which said marks are the subject of a controversy.

SECTION 14.- VOLUNTARY WITHDRAWAL OR AMENDMENT BY PRINCIPAL REGISTRANT

The applicant or principal registrant may request the voluntary withdrawal of the application submitted or of the registration of a mark. The Secretary shall make the corresponding note on the record of the Department of State and issue a voluntary cancellation certificate to the applicant.

The principal registrant may amend part of his/her registration; provided that such amendment shall not substantially alter the mark. The Secretary shall make the corresponding note on the record of the Department of State and on the mark registration certificate. If the certificate is lost or destroyed, the note shall be made on a copy thereof.

SECTION 15.- AMENDMENTS TO APPLICATIONS AND DOCUMENTS

The amendments that, by request of the Secretary or by petition of the applicant, are to be made in the applications or other documents related to the registration of marks, may be made by the applicant him/herself or by a person duly authorized by him/her to conduct such transactions in Puerto Rico.

SECTION 16.- CORRECTION OF MISTAKES BY THE DEPARTMENT OF STATE

Any mistakes by the Department shall be rectified by the Secretary, either *motu proprio* or by petition of a party. The Secretary shall issue a new document with corrections made, which shall have the same effect as the one originally issued.

SECTION 17.- CORRECTION OF MISTAKES BY APPLICANT

Any mistakes by the Department which are attributable to the applicant shall be rectified by the Secretary, either *motu proprio* or by petition of a party. The Secretary shall issue a new document with corrections made, which shall have the same effect as the one originally issued.

SECTION 18.- ONGOING USE STATEMENT TO KEEP THE REGISTERED MARK

The principal registrant must submit an ongoing use statement with evidence attesting to the use of the mark in commerce in Puerto Rico, as provided by the Secretary through regulation as an indispensable requirement to keep a mark registered. The ongoing use statement to which this Section refers must be submitted between the fifth (5th) and sixth (6th) year as of the date of registration, and between the ninth (9th) and tenth (10th) year enclosed with the application for renewal, as a condition for renewal.

SECTION 19.- TERM OF RIGHT TO A REGISTERED MARK; RENEWAL

Any mark registration shall remain in effect for ten (10) years as of the date of registration. The mark registration may be renewed from time to time for the same period of duration, by petition of the principal registrant or his/her legal representatives or assignees as registered in the Department of State, by paying the

corresponding fees as established through regulations by the Secretary. Said petition shall be made at any time within the year preceding the date of expiration of the ten (10)-year term for which the mark registration was issued or renewed.

However, after the abovementioned ten (10)-year period has elapsed, the principal registrant may submit an application for renewal within a six (6)-month period as of the expiration of such term, by paying additional fees as provided by the Secretary and as specified in the regulation.

If the Secretary denies the renewal of the mark, he/she must notify the injured party by stating the reasons for the denial thereof.

SECTION 20.- CANCELLATION OF A REGISTERED MARK

A. Any person who considers that he/she has been injured by the registration of a mark, including by dilution of the distinctive nature of a mark under Section 27 of this Act, may apply for the cancellation of said registration by submitting to the Secretary a written sworn document for cancellation whereby he/she shall state the grounds therefor. Unless a court order for the cancellation of a registration is issued as provided in Section 27 of this Act, the Secretary may only grant such cancellation when such cancellation is warranted by a well-grounded document for cancellation, and the following has been submitted:

1. Within five (5) years from the date of the registration of a mark, or
2. At any time, if the registered mark:
 - a) Has been abandoned;
 - b) The registration was obtained through tort, fraud or bad faith;
 - c) The mark has become the generic name of the good or service for which it is used; or

- d) The mark is used by or with the permission of the principal registrant in such a way that it causes confusion or is misleading as to the nature, quality, characteristics or geographic origin of the goods or services for which it is used.
3. At any time, if it pertains to a certification mark, on the grounds that the principal registrant:
- a) Does not control or is not able to legitimately exercise control over the use of such mark; or
 - b) Engages in the production or marketing of any goods or services to which the certification mark is applied; or
 - c) Allows for the use of the certification mark for purposes other than to certify; or
 - d) Discriminatorily refuses to certify or to continue to certify the goods or services that meet the quality corresponding to such certification mark.

Upon submittal of the application for cancellation, the Secretary shall give notice to the principal registrant of a mark. Once the stances of the parties have been evaluated, the Secretary shall decide whether the principal registrant is entitled or not to keep the mark registered.

- B. The Secretary shall also cancel the following mark registrations:
- 1. Any registration for which the voluntary cancellation thereof was requested;
 - 2. Any registration not in use, to which the use of the mark was not attested, pursuant to Section 4(B) of this Act;
 - 3. Any registration not renewed pursuant to Section 19 of this Act;

4. Any registration with respect to which a court with competent jurisdiction has found:
 - a) That the registered mark has been abandoned;
 - b) That the principal registrant is not the owner of the mark;
 - c) That the registration was granted improperly;
 - d) That the registration was fraudulently obtained;
 - e) That the mark has become the generic name of the good or service for which it is used; or
 - f) That the mark causes confusion with a mark previously used or registered in Puerto Rico.
- C. The Secretary shall also cancel any registration whose cancellation has been ordered by a court with competent jurisdiction for any other reason.

SECTION 21.- CHANGE OF NAME, MERGER, CONSOLIDATION OR OTHER CHANGES

The corporations or juridical entities whose marks are registered or for which they have requested registration and that throughout their existence have suffered changes, such as, changes of name, mergers, consolidations, or any other similar change, may credit such change by filing at the Trademark Registry a certification issued by the Secretary of State or other official who has the custody of the official registry in the jurisdiction, under whose laws the same were underwritten, or other documents that according to the laws of the country in which these were underwritten shall suffice to vouch for such change.

The Secretary shall record such changes in the registry and issue the corresponding certificate.

SECTION 22.- CLASSES OF GOODS AND SERVICES FOR THE REGISTRATION OF A MARK

The classes for the goods and services shall be the international classes adopted from time to time by the United States Patent and Trademark Office or the World Intellectual Property Organization (WIPO).

SECTION 23.- PAYABLE FEES

The Secretary shall establish through regulations the corresponding fees for the registration of marks and any other procedures established in this Act.

SECTION 24.- RULEMAKING AUTHORITY

The Secretary is hereby authorized to approve rules and regulations that are not incompatible with this Act and which promote the proper operation of matters concerning marks included in this Act.

SECTION 25.- REGISTRATION BY DECEIT OR FRAUD OR IN BAD FAITH, AND REMEDIES

Any person who obtains the registration of a mark in the Department of State by means of a false or fraudulent statement or declaration shall be subject to an injunction, action for damages or seizure order by a principal registrant or any injured persons, who may choose to file any or all of the abovementioned actions. Furthermore, the court may order the cancellation of the registration obtained by means of deceit, fraud or bad faith.

The court shall fix the amount of the damages taking the following elements as basis: the gross profit made by the mark infringing party, by using the mark in question; the amount of the earnings that the principal registrant or the injured person failed to receive as the result of the actions of the defendant party; the diminishing returns that the actions of the defendant have caused the plaintiff; and any other factor that, in the judgment of the court, adequately quantifies the damages.

The court shall also fix the amount of the costs, fees, and expenses of the lawsuit.

SECTION 26.- TRADEMARK LAW VIOLATIONS AND REMEDIES

Any person who, without the consent of the principal registrant or owner of a mark, reproduces, forges, copies, imitates, uses or attempts to use any mark identical or similar to a mark registered under this Act, or used in commerce before being used by such person in connection with the sale, distribution, offer for sale or advertisement of goods or services equal or similar to those of the principal registrant or owner, which causes confusion or misleads as to the origin of the goods or services, shall be held liable in civil action by the principal registrant or owner and/or the person authorized by the mark owner in writing, who may institute a lawsuit against such person and request an injunction, a seizure order, an action for damages, and/or any other remedy provided for by law.

If the case is settled in favor of the plaintiff, the court shall fix the amount of the damages, taking the following elements as basis: the gross profit that the mark infringing party has made by using the said mark; the amount of earnings that the plaintiff has failed to receive as a result of the actions of the defendant; the diminishing returns that the actions of the defendant have caused the plaintiff; and any other factor that, in the judgment of the court, adequately quantifies the damages.

The court, in its discretion, may fix the amount of damages in an amount not to exceed three times the profit of the defendant and/or the loss of the plaintiff when the court finds that the violation was intentional or in bad faith.

Likewise, when the court finds that the defendant was not aware and had no reason to know or to believe that his/her actions constituted a violation of the trademarks rights of the plaintiff, the court, in its discretion, may reduce the amount of damages.

Otherwise, the principal registrant or owner may choose to request that the court rule for statutory damages. Statutory damages may be fixed in an amount of not less than \$750 or more than \$30,000 per violation, as deemed to be fair by the court. This alternative is only available for the principal registrant of the mark. In the event that the principal registrant proves and the court so finds, that the violation was intentional, the court, in its discretion, may increase the amount of statutory damages to a sum not greater than \$150,000 per violation. In the event that the defendant proves and the court so finds, that such defendant was unaware and had no reason to know or to believe that his/her actions constituted a violation of the trademark rights of the plaintiff, the court, in its discretion, may reduce the amount of statutory damages to a sum not lesser than \$500.

Furthermore, if the case is settled in favor of the principal registrant, the court shall always fix the amount of the costs, fees and expenses of the lawsuit in favor of the principal registrant.

SECTION 27.- FALSE ORIGIN DESIGNATION OF ORIGIN AND FALSE DESCRIPTION

A. Any person who, as to goods or services, uses in commerce any word, term, name, symbol, slogan, trade dress, medium, logo, design, color, sound, scent, shape, object or a combination thereof; or any false origin designation; or any false or misleading description of a fact; or any false or misleading representation of a fact, which:

1. Is likely to cause confusion or mislead or deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, source, sponsorship, or approval of his/her goods, services, or commercial activities by another person; or

2. In commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his/her or another person's goods, services, or commercial activities, shall be held liable in civil action by any person who was injured as a consequence of such acts.

B. As used in this Section, the term "any person" includes the Government of Puerto Rico, any instrumentality of the Commonwealth or employee of the Commonwealth or of any of its instrumentalities who acts in his/her official capacity that or who shall be held liable by the plaintiff, in the same manner as a non-government entity or person would respond.

C. In a civil action for trade dress infringement under this Section for a trade dress not registered in Puerto Rico or the United States Patent and Trademark Office, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected, taken as a whole, is not functional.

SECTION 28.- DILUTION OF THE DISTINCTIVE NATURE OF FAMOUS MARKS

A. Any person who, without the consent of the owner of a famous mark that is inherent or acquired, uses such mark or one that is substantially similar thereto in commerce in Puerto Rico, shall be subject to an injunction if the use of such famous mark or substantially similar mark is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, even when the goods or services are different, or there is no confusion between such marks, or there is no financial injury. In such cases in which the owner of the famous mark further proves that the defendant had the intention of causing dilution of the famous mark or of taking advantage of its distinctive nature, the owner of the famous mark shall also be entitled to the remedies established under Section 26 of this Act, including the right to request actual and statutory damages, the profits of the defendant, and the

destruction of the goods, documents or objects of the mark thus questioned, and/or the cancellation of the registration of the mark that infringes the famous mark in any class and regardless of how long such mark has been registered.

B. A mark is famous if it is widely recognized by the general consumer in Puerto Rico, or in a geographic area of Puerto Rico, as the source of the goods or services of the owner of the famous mark. In determining whether a mark is famous, the Court may consider the following factors, among others:

1. The duration, extent, and geographic reach of publicity of the mark, and whether publicized by the owner or by third parties;
2. The amount, volume, and geographic extent of sales of the goods or services offered under the mark;
3. The extent of recognition of the mark in Puerto Rico; and
4. Whether the mark is registered, and if so, in which jurisdictions.

C. In determining whether a mark is likely to be diluted by blurring, the court shall consider the following factors:

1. The degree of similarity between the marks;
2. The degree of distinctiveness (whether inherent or acquired) of the famous mark;
3. The extent of substantially exclusive use of the famous mark;
4. The degree of recognition of the famous mark;
5. Whether the user of the mark intended to make an association with the famous mark; and
6. Any actual association between the mark and the famous mark.

D. The following uses of a famous mark without the consent of the owner of the famous mark shall be grounds for initiating an action under subsection A of this Section:

1. Advertising use of the mark to compare or describe goods or services competing with one another;
2. Non-commercial use of the mark; and/or
3. Use of the mark for news or reporting, commentaries, reviews or parody.

E. In an action under this Section for the dilution of the distinctive nature of a trade dress not registered in Puerto Rico or the United States Patent and Trademark Office, the person who asserts trade dress protection has the burden of proving that:

1. The claimed trade dress, taken as a whole, is not functional and is famous; and
2. If the claimed trade dress includes any mark or marks registered in Puerto Rico or the United States Patent and Trademark Office, the unregistered concern, taken as a whole, is famous separately and apart from any fame of such registered marks.

SECTION 29.- VIOLATION OF TRADEMARK RIGHT WITH DOMAIN NAMES

A. A person shall be held liable by the owner or the principal registrant of a mark, including a personal name which is protected as a mark, when, without regard to the goods or services of the parties, that person:

1. Had the intent in bad faith to profit from that mark or personal name which is protected as a mark; and
2. Has registered and markets or uses a domain name that:
 - a. In the case of a mark that is distinctive at the time of registration of the domain name, causes confusion with such mark; or

- b. In the case of a mark that is famous at the time of registration of the domain name, causes confusion or dilutes the distinctive nature of such mark.

When the domain name registered is equal or substantially similar to a mark that belongs to another person, there is a presumption of confusion.

B. In determining whether a person acted in bad faith when registering a domain name, the court may consider the following factors among others:

1. Whether the person has trademark or any other intellectual property rights on the domain name registered;
2. Whether the domain name is the legal name of the person or a name that is otherwise commonly used to identify that person;
3. The previous use of the domain name in connection with the sale in good faith of any goods or services;
4. The bona fide noncommercial or fair use of the domain name on a website accessible under the domain name in question;
5. The intent to divert consumers from the mark owner's website to the website accessible under the domain name in question, which could harm the goodwill of the mark, either for financial gain or with the intent to tarnish the mark, by creating a likelihood of confusion as to the origin, affiliation, or endorsement of the website;
6. The offer to transfer, sell, or assign the domain name to the mark owner or any third party for financial gain, without having used or intending to use the domain name in the bona fide offering of any goods or services, or the person's previous conduct which reveals a pattern as to such conduct;

7. The provision of false or misleading contact information when applying for the registration of the domain name, the intentional failure to maintain accurate contact information, or the person's previous conduct which reveals a pattern as to such conduct;
8. The registration or acquisition of several domain names which the person knows are identical or substantially similar to marks of others that were distinctive at the time of registration of such domain names, or which dilute the distinctive nature of famous marks of others that were famous at the time of registration of such domain names, without regard to the goods or services of the parties; and
9. Whether the mark incorporated in the domain name is or is not famous under the criteria of Section 28 of this Act.

C. An intent in bad faith as described in the above Sections shall not be ruled in any case in which the court finds that the person believed and had reasonable grounds to believe that the use of the domain name was fair and otherwise lawful.

D. In any civil action involving the registration, marketing, sale, purchase, license, loan, assignment or use of a domain name under this Section, the court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark. The owner of the mark shall also be entitled to the remedies set forth in Section 26 of this Act, including the right to request actual or statutory damages.

SECTION 30.- SPECIAL PROCEEDING

When the principal registrant of a mark as provided for in this Act files a lawsuit under oath or supported on a sworn statement with a copy of the Registration Certificate with the court, alleging specific facts that prove that the defendant is violating his/her property rights over said registered mark, by means

of forgery, copy, imitation or adoption of a mark that is so similar to that of the principal registrant that it creates the likelihood of confusion, the court shall be bound to issue an ex parte temporary order directed to the defendant party requiring him/her to immediately stop, cease or desist, under admonition of contempt of court, the use of the mark to which the lawsuit refers, until a hearing is held within ten (10) days counted as of the date on which the temporary order was issued. In this Special Proceeding, the court shall exempt the principal registrant from posting a bond.

Within ten (10) days, counted as of the date on which the temporary order was issued, a hearing shall be held so that the defendant party may show just cause for which such temporary order or seizure order should not be rendered ineffective; and to issue a preliminary injunction until the rights of the parties are discussed.

In the cases in which the principal registrant so requests, the court may order the preventive attachment and seizure of the goods, signs, labels, wrappings or any other medium on which the defendant party has affixed the mark in question without the need to post any bond.

Remedies provided in this Section for the principal registrant of a mark registered in Puerto Rico may be claimed without prejudice of requesting any other remedy provided for by law.

SECTION 31.- SPECIAL FUND

The amount collected on account of the fees established as provided in Section 23 of this Act shall be covered into a special fund created to such effect in the Department of the Treasury, for the purpose of defraying any operating expenses of the trademark registry not defrayed by appropriations from the General Fund or other budget appropriations.

The Department of State, prior to using the resources deposited in the Special Fund, shall annually submit an expense budget chargeable to those funds to the Office of Management and Budget for its approval.

SECTION 32.- TEMPORARY PROVISIONS

A. Mark registration certificates in effect as of the approval of this Act shall remain protected for the period of time for which they were issued and may be renewed pursuant to the provisions of this Act.

B. Any registration applications pending as of the date of effectiveness of this Act may be amended under the provisions of this Act. Such applications thus amended, whenever practicable, so as to temper them with the provisions of this Act shall be then processed.

C. As of the date of approval of this Act and until the date of approval of the Regulation mentioned in Section 23, the rights set forth in Act No. 63 of August 14, 1991, as amended, shall continue to be in effect.

SECTION 33.- REPEAL

Act No. 63 of August 14, 1991, as amended, known as the “Commonwealth of Puerto Rico Marks Act,” is hereby repealed.

SECTION 34.- SEVERABILITY CLAUSE

If any word, phrase, sentence, section, subsection or part of this Act were to be challenged for any reason before a Court, and thus ruled to be unconstitutional or null, such ruling shall not affect, impair or invalidate the remaining provisions and parts of this Act.

SECTION 35.- EFFECTIVENESS

This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following **Act No. 169 (S. B. 1114) (Conference)** of the **2nd Session of the 16th Legislature** of Puerto Rico:

AN ACT to repeal Act No. 63 of August 14, 1991, as amended, known as the “Puerto Rico Trademark Act,” and adopt a new statute to regulate the trademark law in the Commonwealth of Puerto Rico, which shall be known as the “Government of Puerto Rico Trademark Act.”

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, on the 24th day of June of 2010.

Solange I. De Lahongrais, Esq.
Director