



**World
Trademark
Yearbook**
2006

A global guide for
practitioners

El Salvador

Contributing firm

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1. Legal framework

National

In 2002 El Salvador followed the lead of other Central American countries by adopting its own Trademarks Law and abolishing the Central American Convention for the Protection of Industrial Property. The Trademarks Law strengthens the protection afforded to trademark rights in El Salvador by harmonizing the regime with international standards.

The new law introduced the following innovations:

- Protection is now granted to well-known trademarks;
- New trademark examination rules have been introduced;
- The term for abandonment of an application has been shortened to six months;
- The term for answering office actions has been extended to four months;
- Coexistence agreements for similar marks are permitted;
- Rules for the registration of appellations of origin have been introduced;
- The division of registrations based on the goods covered is permitted;
- The limitation of goods in a pending application or registered mark is permitted;
- There are new rules on co-ownership of a mark; and
- The extension and limits of trademark rights, including the exhaustion of rights, are defined.

Trademarks registered under previous laws are now subject to opposition upon renewal.

The procedure for the recordation of post-registration events, such as renewals, licence agreements, assignments or changes in the registrant's name or domicile, has also been simplified. Trademark licensing rules apply equally to franchise agreements.

Trademarks continue to be protected for 10 years, renewable every 10 years. The law governs trade names, emblems and expressions or signs of commercial advertising, all of which are protected indefinitely once registered.

The remedies now available to enforce trademark rights include a non-exhaustive list of preliminary injunctions that may be ordered by a judge, within 48 hours, against infringement and counterfeiting. These are available in both criminal and civil actions.

An additional advantage is the inclusion of clear and simple rules for calculating damages. The Trademarks Law has its own statute of limitations rules, which prevail over the general provisions of the Code of Commerce. Finally, official fees have generally increased by 100%, and new fees have also been introduced.

Trademarks are protected through registration – one per international class (1 to 44) – at the Registry of Intellectual Property (RIP). Priority can be claimed according to the Paris Convention for the Protection of Industrial Property.

International

El Salvador is a signatory to the following international trademark treaties and agreements:

- the Paris Convention;
- the Agreement on Trade-Related Aspects of Intellectual Property Rights; and
- the Dominican Republic-Central America Free Trade Agreement with the United States (DR-CAFTA). This contains a chapter on intellectual property, which broadens the protection of IP rights in general. To fulfil its requirements under the DR-CAFTA, El Salvador has made a number of amendments to its trademark law. The relevant changes include the following:
 - Sound marks, smell marks and certification marks are now protectable in El Salvador.

- ‘Likelihood of olfactory confusion’ has been introduced as a new rule to be applied when examining applications or search results.
- The existing rule of ‘likelihood of ideological confusion’ will now be applied when examining sound marks.
- Registration for sound and smell marks is for 10 years, at which time the mark may be renewed for another 10-year term.
- Registration of certification marks is for an indefinite period of time when the mark is owned by a public entity, subject only to the continued existence of such entity.
- Certification marks are subject to a ‘bullet-proof’ protection in that they cannot be seized, embargoed, or subject to preliminary injunction or judicial execution.
- Should a certification mark not be renewed or be abandoned, or a public entity owning it cease to exist, an identical mark cannot be registered or used by another party for 10 years.
- The recordal of licence agreements is no longer mandatory. Licence agreements are enforceable against third parties, including infringers and authorities, as long as the agreement is duly legalized and translated into Spanish.
- Coexistence agreements will be approved as signed by the parties without the registrar of trademarks’ challenge relating to the issue of a likelihood of confusion.
- Notices of publication, in both the *Official Gazette* and major newspapers, are now required to outline the list of goods and services covered by a trademark application.

2. Unregistered marks

Protection

Rights in unregistered marks arise only where a substantial reputation has been established in the

relevant mark. To enforce these rights, the owner must prove the substantial reputation of the mark.

Unregistered well-known marks may be enforced through an unfair competition action filed either before a mercantile court (in the judicial district of San Salvador) or before a court with jurisdiction over commercial matters (in other judicial districts). Criminal actions are available in cases involving criminal responsibility. Complaints are filed before the General Attorney’s Office which, prior to conducting an investigation, will file a criminal action before a criminal court.

Use requirements

The Trademarks Law does not specify how much use is required to establish unregistered rights.

However, experience suggests that the following evidence is helpful for such purposes:

- a home registration certificate;
- an international registration certificate;
- online advertising;
- television, radio, internet and press advertising;
- exposure of the mark to Salvadoran consumers;
- an affidavit issued by an authorized officer explaining how the mark became well known; and
- sales volumes.

3. Registered marks

Ownership

Anyone can apply for and own a mark in El Salvador. The Trademarks Law establishes that any natural or legal person, whether Salvadoran or not, can apply for and acquire the rights to own a mark in El Salvador. No conditions of nationality, domicile or establishment apply.

Scope of protection

Not all trademarks or brand names are registrable. The Trademarks Law sets out grounds for refusal of registration, both for

intrinsic reasons (Article 8) and where the mark violates third-party rights (Article 9).

A mark is inadmissible for intrinsic reasons if:

- it consists of the usual or current form of the goods for which registration is sought, or their packaging, or a form which is necessary due to the nature of the goods or services;
- it consists of a form that gives a functional or technical advantage to the goods or services for which registration is sought;
- it consists of a common or usual name, term or designation of the goods or services in usual, technical, scientific or commercial language;
- it serves in trade to describe a characteristic of the goods or services;
- it is a simple, isolated colour;
- it is a letter or digit separately considered, unless represented in special and distinguishing form;
- it is contrary to morality or public order;
- it includes elements that offend or ridicule people, ideas, religions or national symbols of any country or international organization;
- it could mislead or cause confusion as to the geographical origin, nature, method of manufacture, qualities, aptitude for use or consumption, amount or some other characteristic of the goods or services;
- it totally or partially reproduces or imitates the coat of arms, flag, emblem, denomination or abbreviation of denomination of any state or international organization, without express consent;
- it totally or partially reproduces or imitates an official sign of control or guarantee adopted by a state or public organization, without express consent;
- it reproduces currencies or bills of legal tender, titles or other documents, seals, stamps or fiscal stamps;
- it includes or reproduces medals, prizes, diplomas or other elements that suggest the goods or services have won an award, unless such an award has in fact been

granted to the applicant or to its cause and this is duly credited;

- it consists of the name of a protected vegetal variety in El Salvador or abroad; or
- it is included under the prohibition established in Article 51-G, which states: "A certification mark whose registry is to expire, was annulled, cancelled or has been left unused by dissolution or disappearance of its owner, will not be allowed for use nor be registered as a distinctive sign during a term of 10 years counted from the cancellation, annulment, dissolution or disappearance, according to the case."

Additionally, a mark is inadmissible if, after examination, the registrar of trademarks determines that it violates third-party rights – for example, if:

- it is identical or similar to a third party's mark registered or the subject of an application for goods or services related to those protected by a registered or pending mark, when that use may cause confusion;
- its visual, phonetic, olfactory or conceptual similarity to a third party's mark or distinctive sign registered or filed previously, for goods or services related to those protected by a registered mark or one that is the subject of an application, where this may cause confusion;
- it is likely to cause confusion because it is identical or similar to a third party's trade name or emblem already used in El Salvador for similar commercial activities;
- it constitutes a full or partial reproduction, imitation, translation or transcription of a third party's well-known mark and that use may cause confusion or a risk of association with the third-party mark, or take unjust advantage of the notoriety of the well-known sign. The goods and services covered by the proposed registration need not be identical or similar to those identified by the well-known sign, but there must exist some

connection between the respective parties' goods or services;

- it affects a third party's personality rights or consists, fully or partially, of a third party's name, signature, title, pseudonym or image, unless the third party or his or her heirs expressly grant consent;
- it affects the right to the name, image or reputation of a local, regional or national collective, unless consent is properly granted;
- it is likely to cause confusion with a pre-existing protected appellation of origin;
- it is likely to infringe a third party's copyright or industrial property rights, unless consent is granted; or
- it has been applied for in order to perpetrate or consolidate an act of unfair competition.

It is advised that a prior analysis of the mark and a search at the RIP be conducted in order to ensure the mark does not fall within any of these restrictions.

4. Procedures

Examination

Article 10 of the Trademarks Law sets out the legal requirements for filing a trademark application in El Salvador. Once an application is filed, it will first be examined for compliance with the formal requirements. The second examination focuses on novelty and is intended to verify whether the mark falls under any of the prohibitions against registration set out in Articles 8 and 9.

If the examining attorney believes that one or more legal requirements are missing, or that the mark falls under any of the prohibitions against registration, he will issue an office action, which is served on the applicant. Where the examining attorney believes that the application falls under one or more of the prohibitions established in

Articles 8 or 9, the office action will comprise a preliminary rejection. In both cases the applicant has four months to respond.

If the applicant does not respond to the office action within this timeframe, the examining attorney will issue a resolution declaring the abandonment of the mark. Where a preliminary rejection has been issued and the applicant does not respond, the examining attorney will issue a resolution declaring the dismissal of the mark.

The Trademarks Law states that the examining attorney is entitled to declare the abandonment of the application if six months elapse from the date of serving any resolution without the applicant pursuing the next step of the registration process. The sole argument against abandonment is *force majeure*, which must be proven.

Once an application is admitted for registration, it will be published in the *Official Gazette* and in one major newspaper.

Opposition

In the two months following the date of first publication in the *Official Gazette*, any party with a legitimate interest can file an opposition. The Trademarks Law does not allow extensions of time for this or any other type of action. When an opposition is filed, the registrar will verify whether all requirements under the law have been satisfied. If so, a resolution admitting the opposition will be issued and served on the applicant, which has 60 days to respond. Once the applicant has responded, the registrar will issue the final resolution within one month.

According to the law, an opposition procedure should last four months. However, as serving the opposition takes longer, the whole procedure normally takes from eight to 12 months, if further delays are not encountered.

Based on a recently approved uniformity law for all Salvadoran registries, the applicant may avail of the following recourses:

- Revision recourse may be filed in writing with the registrar who issued the resolution within three days of service of the resolution. This focuses on the arguments that will subsequently be discussed in a hearing at which the registrar and all intervening parties will be present;
- Revocatory recourse may be filed verbally at the revision hearing. It is decided by the chief registrar, before whom a new hearing is held eight days after the revision hearing; and
- An appeal can be filed in writing before the director of the RIP, who will give the parties 10 days in which to file evidence. Afterwards the director will issue his verdict.

Registration

The registration procedure takes approximately eight months if the application complies with all legal requirements and no office actions or oppositions arise. It is advisable to file local applications as they were filed in the country of origin.

The following documents and information must be provided:

- the name, domicile and nationality or state of incorporation of the applicant;
- a sample of the mark;
- a list of the goods or services, and/or international classes, in which registration is sought; and
- a power of attorney and corresponding notarial certification duly legalized before the nearest Salvadoran consulate or by apostille. One document per applicant is sufficient.

If priority is claimed under the Paris Convention, a certified copy of the priority application is required; this may be filed within three months of the filing date of the local application. The law allows priority to be claimed within three

months of the date of local filing, if not previously claimed. No legalization of this document is necessary.

The Trademarks Law:

- allows for the division of registrations based on the goods covered;
- allows for the limitation of goods in a pending application or a registered mark;
- provides rules for co-ownership of a mark; and
- regulates the extension and limits of trademark rights, including the exhaustion of rights.

Removal from register

Cancellation: Cancellation of a trademark for non-use was abolished in 2002 but this action has been reintroduced following the implementation of the DR-CAFTA to allow full or partial cancellation of a mark that has not been used for a period of five years. Partial cancellation will affect only those goods or services for which the mark is not being used.

Where a mark is successfully cancelled, the prevailing party can take up rights in the mark starting from the filing date of its claim for cancellation but no later than three months following the court's decision.

According to the new law, a trademark is considered to be 'in use' when it is used in relation to:

- goods or services in commerce;
- goods exported from El Salvador; or
- that services are provided abroad but originated in El Salvador.

Additionally, "advertising of the mark through any means" will be considered use, "even if the goods or services covered are not actually traded" in El Salvador. This particular provision is useful to foreign trademark owners who can rely on advertising in magazines, newspapers, via satellite or cable television and the Internet to help prove use of the trademark. To prove use,

trademark owners should couple advertising evidence with commercial invoices, accounting documents or auditors' certifications that show the amounts and regularity of the goods or services used in commerce. Defences to non-use include circumstances beyond the power of a trademark owner, such as import restrictions or any other official requirements imposed on products or services protected by the mark.

The amended law does not require filing of a proof of use on a regular basis.

Cancellation actions must be filed with a competent court (in the judicial district of San Salvador) or with a court with jurisdiction over commercial matters (in other judicial districts). These procedures take approximately one or two years. As part of the proceedings, the judge will issue a resolution ordering the recordation of the complaint at the RIP to prevent the registrant from transferring the mark to a third party.

Once the court has issued its verdict, the RIP will cancel the mark accordingly. The registrant may also seek voluntary cancellation of its trademark.

Invalidation: Where a trademark has been incorrectly registered, the law does not permit the registrar to cancel the mark on his own initiative. Instead, he must bring a judicial action against the registrant. There is a five-year statute of limitations for judicial cancellation actions.

5. Enforcement

Complexity

The available enforcement options are extensive rather than complex – the Trademarks Law provides for:

- preliminary injunctions;
- permanent injunctions;
- civil actions;

- damages; and
- actions against unfair competition that affects trademark rights.

The Criminal Code also includes provisions on criminal offences. Accordingly, both civil and criminal remedies are available in the case of infringement of registered marks. Unregistered marks may be enforced if the mark is well known. All enforcement actions fall under the exclusive jurisdiction of the courts.

While specialist IP courts do exist, the competent courts will be those with jurisdiction in commercial matters, as well as the criminal courts if the infringer has committed a felony.

Among other things, a trademark owner can request a preliminary injunction ordering:

- the immediate cessation of any infringing acts;
- the seizure of goods, packaging, labels and other materials bearing the infringing mark, and the equipment and materials used to perpetrate the infringement. An important exception to this rule is set out in the Political Constitution 1983, which provides that printing presses and accessories and other media used for the dissemination of ideas can never be seized;
- the suspension of imports or exports of infringing products or materials;
- the granting of a bond or other warranty to compensate for damage caused by the alleged infringer; and
- the provision of information by the alleged infringer about persons who participated in the production, sale or distribution of the infringing goods.

A judge can also issue a permanent injunction ordering:

- the transfer of infringing goods or materials, and equipment used to infringe, to the trademark owner;

- any action necessary to prevent the continuation or repetition of the infringement, including the destruction of infringing goods and materials, and equipment used to infringe;
- payment of an indemnity for damage suffered; and
- publication of the final judicial resolution at the infringer's expense.

Preliminary injunctions may be granted against goods in transit and seizures at the border.

Permanent injunctions can include the destruction of goods seized at the border, as well as destruction of materials used in manufacturing and creating the infringing goods. To discourage infringement, infringers are not compensated for any losses in the procedure. Besides destruction, the infringing goods could also be donated to charity, subject to the removal of all labels displaying the infringing mark.

Rules relating to damages have been substantially modified. According to new DR-CAFTA influenced provisions, the plaintiff can base its claim on one or more of the following:

- damages caused to the trademark owner as result of the infringement;
- benefits that the trademark owner would have obtained if the infringement had not occurred. In such cases, the court shall consider the value of the goods or services infringed based on the retail price or through other means that prove their value; and
- the price or royalty that the infringer would have paid if he had a licence, considering the commercial value of the infringed right and other licences granted.

Additionally, the infringer must pay the profits he gained from infringing, if those have not been considered in the options outlined above.

The statute of limitations is five years from the date of the last infringement.

Timeframe

Preliminary injunctions may be requested to secure evidence, either prior to filing an infringement action or as part of it. The judge has discretion to order the petitioner to post a bond as compensation for damage caused by a failed action. Preliminary injunctions must be granted and executed within 48 hours counted from the filing of the action. If the suspension of imports or exports is requested, the plaintiff must file an infringement action within 10 working days (which may be extended once); otherwise the injunction will be lifted.

Recent landmark cases illustrate that if a civil infringement action is litigated through all available instances of the judicial system, it can take as long as five to seven years, depending on whether the infringer has the economic resources to withstand such protracted litigation. However, most infringement cases are settled after the execution of one or more preliminary injunctions.

Criminal actions are usually more intimidating for the infringer, and generally take two to three months from filing the complaint to the conciliatory audience, following seizure of the infringing goods.

The statute of limitations for civil and unfair competition actions is two years.

6. Ownership changes – legalization requirements

It is mandatory to register any changes to a trademark owner's name or domicile, as well as all assignments, for each registration affected, in order to ensure the information at the RIP is kept up to date. Such changes must be recorded for all applications filed under the new law; pending applications filed under the previous regime must mature into registration before such changes may be recorded.

The change of name, domicile or assignment agreement must be submitted to the RIP, fully executed in one language. Any foreign text must be translated into Spanish before the documentation is filed with the RIP. The Trademarks Law requires notarial certification, duly legalized before the nearest Salvadoran consulate or by apostille. The recording attorney can grant an affidavit on the registrant's behalf, stating a change of domicile, which is a cost-effective alternative.

Based on the changes introduced by the DR-CAFTA, the recordal of licence agreements is no longer mandatory. Licence agreements are enforceable before a third party, including infringers and authorities, as long as the agreement is duly legalized and translated into Spanish.

7. Areas of overlap with related rights

There are certain areas of overlap between trademark rights and other rights, such as copyright. This overlap occurs mostly in judicial procedures where it is necessary to prove ownership of a right. In such cases, if copyright registration is enclosed, this can strengthen the evidence of ownership in order to obtain a favourable resolution.

8. Online issues

Regulations on domain names have been added for the first time, specifically authorizing SVNET, the registration entity, to adopt dispute resolution procedures based on the Uniform Domain Name Dispute Resolution Policy as applied by the World Intellectual Property Office for the country-code top-level domain '.sv'.

