

BEFORE THE INTERNATIONAL CENTRE FOR THE SETTLEMENT OF  
INVESTMENT DISPUTES

----- x  
 In the Matter of Arbitration between: :  
 :  
 BRIDGESTONE LICENSING SERVICES, INC. :  
 and BRIDGESTONE AMERICAS, INC., :  
 :  
 Claimants, :  
 : Case No.  
 and : ARB/16/34  
 :  
 REPUBLIC OF PANAMA, :  
 :  
 Respondent. :  
 ----- x Volume 3

ORAL HEARING

Wednesday, July 31, 2019

The World Bank Group  
1225 Connecticut Avenue, N.W.  
Conference Room C 3-100  
Washington, D.C.

The hearing in the above-entitled matter  
commenced on at 9:00 a.m. before:

LORD NICHOLAS PHILLIPS, President of the  
Tribunal

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MR. J. CHRISTOPHER THOMAS, QC, Co-Arbitrator

ALSO PRESENT:

On behalf of ICSID:

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Secretary to the Tribunal

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C O N T E N T S

	PAGE
PRELIMINARY MATTERS.....	615
WITNESSES:	
JORGE FEDERICO LEE (resumed)	
Redirect examination by Ms. Silberman.....	618
EDWIN MOLINO GARCIA	
Direct examination by Ms. Kepchar.....	640
Cross-examination by Ms. Gehring Flores.....	657
Redirect examination by Ms. Kepchar.....	701
Questions from the Tribunal.....	702
MARISSA LASSO de la VEGA FERRARI	
Direct examination by Ms. Gehring Flores.....	712
Direct presentation.....	714
Cross-examination by Ms. Kepchar.....	731
Redirect examination by Ms. Gehring Flores.....	769
NADINE H. JACOBSON	
Direct examination by Ms. Horne.....	785
Direct presentation.....	786
Cross-examination by Ms. Kepchar.....	807

P R O C E E D I N G S

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
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PRESIDENT PHILLIPS: We shall now resume.

MR. WILLIAMS: Mr. President, we were informed last night, then, of the amount of time remaining, and unfortunately—or perhaps fortunately—we've concluded that we just don't have enough time to be able to continue with Mr. Lee now. So, our questions for Mr. Lee have concluded.

MS. SILBERMAN: Before we begin with redirect, I just had a couple of items of housekeeping.

One was that I believe that we are still waiting for a response from the Claimants on the issue that Mr. Lee had posed yesterday at the outset of his examination. And it may have been my fault for inadvertently cutting it off, so I just wanted to see if there was any answer on that.

MR. WILLIAMS: And I think that was the question about Mr. Lee's arbitral appointment in a different case.

MS. SILBERMAN: Yes.

MR. WILLIAMS: And from our side, we have no

1 objection.

2 MS. SILBERMAN: Wonderful. The second point  
3 that I wanted to mention is that we have a  
4 representative from Panama here today, Mr. Francisco  
5 Olivardía, who is from the Embassy of Panama.

6 And the final point is, speaking of the  
7 Embassy, is that as Mr. Williams just stated, there  
8 was a lot of time spent yesterday. We wanted to  
9 remind the Claimants and the Tribunal of the Parties'  
10 agreement memorialized in Procedural Order Number 12  
11 that the Ambassador's testimony would come out of the  
12 time that had been allocated to the Parties – the 14  
13 hours and change that was given to the U.S. So, we  
14 trust that the Claimants will plan accordingly, to the  
15 extent they want to cross-examine him.

16 PRESIDENT PHILLIPS: I'm sure they will.

17 MS. SILBERMAN: We are going to hand out a  
18 couple of documents that are responsive to issues that  
19 the Claimants raised yesterday during their  
20 cross-examination, and then we'll start with  
21 questioning in just a minute.

22 (Pause.)



1 JORGE FEDERICO LEE, RESPONDENT'S WITNESS, RESUMED

2 MR. WILLIAMS: Could the Claimants be  
3 provided with the documents?

4 MS. SILBERMAN: Yes, apologies. I believe  
5 we're still handing them out.

6 MR. WILLIAMS: And, is this material--is this  
7 demonstrative? Is this material that's already on the  
8 record?

9 MS. SILBERMAN: They're all exhibits that are  
10 on the record. And, as I go along, I will indicate for  
11 you the questions that they are responsive to from  
12 yesterday.

13 MR. WILLIAMS: Thank you.

14 PRESIDENT PHILLIPS: Are you going to make  
15 any reference to the monster file, or can we put it  
16 aside?

17 MS. SILBERMAN: I believe I will make a few  
18 references to the monster document in the monster  
19 file, which is the Judicial Code, but that will be  
20 toward the end, to the extent that you want to put  
21 that aside for now.

22 Mr. Williams, have you received the document?

1 MR. WILLIAMS: I have. Thank you.

2 MS. SILBERMAN: Excellent.

3 REDIRECT EXAMINATION

4 BY MS. SILBERMAN:

5 Q. Mr. Lee, let's begin with Exhibit C-196,  
6 which is the document that Claimants took you  
7 yesterday. They didn't have it in the binder, but as  
8 you'll recall, they put it up on the screen, and they  
9 showed you about a paragraph of that document, and it  
10 is the examination of the court-appointed expert in  
11 the first instance proceeding.

12 Could you turn to page 6 of the document and  
13 read to yourself the full exchange regarding Question  
14 8. And then, when you finish reading it to yourself,  
15 let me know, and I'll pose my question.

16 (Witness reviews document.)

17 A. (In English) I'm ready.

18 I'm sorry. (In Spanish) I read it.

19 Q. Can you summarize for us what happened in  
20 this exchange?

21 A. What happened in connection with this  
22 question was that Muresa's attorney asked the expert

1 witness what was the oral explanation given by  
2 Muresa's executives in connection with the reasons why  
3 the scheduled sales were not made, and I assume this  
4 has to do with RIVERSTONE-brand tires.

5           Bridgestone counsel objected to the question  
6 because it was not conducive to an answer. It's  
7 almost saying that it was irrelevant.<sup>1</sup> It said that  
8 it was not conducive to an answer because the expert  
9 witness had already answered that question. And,  
10 therefore, it already made reference to that issue, so  
11 to continue to talk about that was irrelevant.

12           Muresa's attorney decided to continue to ask  
13 the question, and the judge rejected the objection and  
14 asked the expert witness to answer the question.  
15 Although the objection was put because of this alleged  
16 irrelevance of the question, meaning that the question  
17 didn't bear any relationship with the facts at hand in  
18 the case, what I do see here is that the judge  
19 rejected the objection, and the judge deemed it  
20 pertinent to listen to the answer provided by the

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<sup>1</sup> The Spanish-language version states "en Panamá el término 'inconducente' es un sinónimo, aunque no exacto, de irrelevante." See Spanish Transcript for Day 3 at 272:14-16.

1 witness, the expert witness.

2 Q. And what was the answer that was given by the  
3 expert?

4 (Witness reviews document.)

5 A. The answer provided by the expert witness  
6 that was being examined was that Muresa's executives,  
7 Ms. Moreira and Mr. Orestes Medina, gave them a sheet  
8 of paper to allow them to provide an answer to  
9 Question 3. I assume that this was Question 3 of the  
10 questions that were posed to the expert  
11 witness--witnesses in connection with the reduction in  
12 sales, and that this sheet of paper that was provided  
13 to them was not dated, nor was it signed, and that no  
14 decision could be made on the basis of the document  
15 that was originally provided. That is why the expert  
16 witness asked the executives to provide to her a  
17 marketing study or supporting information of why the  
18 projected sales had not been made.

19 And she continued saying that these two  
20 individuals that she met with verbally told her that  
21 they had not made the scheduled sales because they  
22 were afraid of having problems if they continued to

1 sell the RIVERSTONE tires. And the expert witness who  
2 was being examined said that, based on that comment  
3 made by Muresa's executives, she – the expert witness  
4 – insisted and asked them (as the executives) to  
5 provide her with some contemporaneous documentation  
6 which stated that they could not sell those tires, or  
7 that they were afraid of selling them.

8           Also, she also asked him for documents  
9 referred to the reduction of production or something  
10 along those lines, and the only thing that she was  
11 given was the letter that she included in her report,  
12 and I assume that's the Foley letter, and another list  
13 of damaged and obsolete tires which she was not able  
14 to take into account because—my understanding is that  
15 – none of the tires on that list were RIVERSTONE  
16 tires.

17           Q.     Yesterday, you explained that there is a  
18 difference between a party objecting to a particular  
19 item of evidence and a party objecting to a question  
20 about a particular item of evidence. You just  
21 mentioned that the Foley letter was attached to the  
22 court-expert's report. Do you recall whether the

1 Bridgestone Litigants ever objected to the document  
2 attached to the court-appointed expert's report?

3 A. Now, from what I read after reading the case  
4 file, I don't recall that during the examination of  
5 the expert witnesses objections were raised in  
6 connection with the relevance of the Foley letter.

7 Q. Now, yesterday the Claimants questioned the  
8 logic of various parts of the Supreme Court Judgment,  
9 and much of the time was spent on the meaning of the  
10 phrase "error of fact about the existence of  
11 evidence."

12 I would like to turn you to Exhibit R-47.

13 MS. SILBERMAN: And Mr. Williams, I  
14 apologize, we didn't have enough copies earlier, so  
15 we're handing you the copy now of this document, which  
16 also is in the record.

17 BY MS. SILBERMAN:

18 Q. Mr. Lee, could you take a look at Exhibit  
19 R-47 and tell us what this document is?

20 A. This document is a document submitted by the  
21 law firm Benedetti & Benedetti, which is the law firm  
22 that represented in the Civil Proceedings Bridgestone

1 Corporation and Bridgestone Licensing Services. This  
2 document—this is a document in opposition to the  
3 admission of the cassation presented by Muresa  
4 Intertrade and Tire Group of Factories against the  
5 ruling made by the First Tribunal.<sup>2</sup>

6 Q. In the Muresa case, did the Supreme Court  
7 rule on admissibility before it issued the Judgment of  
8 28 May?

9 A. Yes.

10 Q. Let's turn to page 2 of Exhibit R-47 — and  
11 it's page 2 in both the English and Spanish versions.

12 Could you read aloud for us the paragraph  
13 that begins with the words, in English, "our  
14 intention," or in Spanish the phrase is, "lo que con  
15 estas citas."

16 A. Page 2?

17 Q. Page 2.

18 A. Excuse me, how does the paragraph start?

19 Q. In English, it should begin with the words

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<sup>2</sup> The Spanish-language version of this paragraph states "[e]s el escrito presentado por la firma de abogados Benedetti & Benedetti que representaba, o que representó, en el proceso civil a las empresas Bridgestone Corporation y Bridgestone Licensing Services, objetando la admisión, objetando la admisibilidad del recurso de casación presentado por Muresa Intertrade y Tire Group of Factories contra la sentencia de segunda instancia dictada por el Primer Tribunal Superior de Justicia." See Spanish Transcript for Day 3 at 276:8-17.

1 "our intention." And in Spanish, the phrase is, "lo  
2 que con estas citas."

3 A. I will read, then: "Our intention with these  
4 citations is to inform the Court that the appellate  
5 judge" – that is to say the Court of Appeals judge, –  
6 "did not ignore the body of evidence held in the case  
7 records but after having weighed all the evidence, it  
8 did not deem that said evidence would lead it to a  
9 conclusion that would imply acknowledgment of the  
10 cause of action. In our estimation, the grounds cited  
11 are mistaken because they stem from an incorrect  
12 concept for the plaintiff claiming as ignorance,  
13 which, in reality, is an issue of evidentiary weighing  
14 of the evidence." End of quote.

15 Q. And what did the Supreme Court decide on the  
16 issue of admissibility of the two cassation requests?

17 A. The Motion for Cassation, Muresa Intertrade  
18 and Tire Group of Companies, was based on two  
19 different grounds. The second ground had to do with a  
20 direct violation of legal provisions, this had a  
21 direct impact on the decision, such a matter of the



1 appeal.<sup>3</sup> The Civil Chamber of the Supreme Court  
2 rejected that ground because, in essence, it deemed  
3 that there was a duplication in the violated  
4 regulations, the ones that were cited as violated.

5 The second ground<sup>4</sup> which was admitted to be  
6 processed had to do with an error of fact as to the  
7 existence of the evidence. In the Cassation, this was  
8 based on six different motives, and the appellants, in  
9 those motives, said that the Court of Appeals Judgment  
10 had ignored the existence of a number of items of  
11 evidence.

12 Q. In addition yesterday, Claimants also  
13 discussed the reference in the Supreme Court Judgment  
14 to the withdrawal of the appeal in the Opposition  
15 Proceeding. And, in this respect, the Claimants asked  
16 you questions about the mechanics of filing an appeal.  
17 Let's turn to Exhibit R-52.

18 What is this document?

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<sup>3</sup> The correct Spanish-version of the answer states: "la segunda causal era violación directa de la ley, que influyó sustancialmente en lo dispositivo de la resolución recurrida."

<sup>4</sup> The correct Spanish-language version of the answer states: "La otra causal . . ."

1           A.     This document is a statement on the merits  
2 that Bridgestone lawyers submitted to the Supreme  
3 Court after the Supreme Court had heard the statements  
4 on admissibility and had rejected the second ground  
5 for direct violation of the law, and admitted to be  
6 processed the first ground, which had to do with error  
7 of fact as to the existence of the evidence.

8                     Now, after this, there would be another stage  
9 of the proceedings, where both parties could make  
10 statements on the merits of the cassation remedy,  
11 whether the court should or shouldn't quash the Court  
12 of Appeals' Judgment. This document is a statement  
13 submitted by the law firm Benedetti & Benedetti,  
14 representatives of Bridgestone, asking the Court not  
15 to quash the Appellate Court's Judgment.

16           Q.     Could you please turn to page 9 – and this is  
17 page 9 in both the English and Spanish versions – and  
18 read for us the third full paragraph on the page. In  
19 Spanish, it starts with "nada más lejos de la  
20 realidad."

21           A.     I quote: "Nothing is farther from reality.  
22 The withdrawal of an appeal does not constitute proof

1 of damage nor does it represent an abuse of the right  
2 to litigate. Quite the contrary: It is an indication  
3 of decisions of weighing of the evidence that entailed  
4 at the time withdrawing a discussion that had been  
5 initially raised which does not always happen.

6 Contrarily, in many cases, legal discussions such as  
7 this one are perpetuated which are extended until the  
8 last instances, without that entailing an abuse of the  
9 right to litigate nor prove of recklessness or bad  
10 faith." End quote.

11 Q. Following this submission, the Supreme Court  
12 eventually issued its May 28th Judgment. Was that  
13 Judgment unanimous?

14 A. The Cassation Court Decision, this Decision  
15 of 28 May 2014, that was handed down once the last  
16 stage of the proceedings was finished—that is to say,  
17 the submission of statements on the merits by the  
18 Parties—was a decision made by the three justices that  
19 make up the Civil Chamber of the Supreme Court. The  
20 Decision was taken by majority. Mr. Ortega Durán, the  
21 Judge writing for the Court and Mr. De León, who is  
22 now the Chief Justice of the Supreme Court of Justice,

1 wrote the majority vote, and Harley James Mitchell  
2 issued a dissenting vote.

3 Q. Let's take a look at that Dissenting Opinion,  
4 which is Exhibit R-34.

5 MS. SILBERMAN: And I apologize,  
6 Mr. President, we're going into the big binder a  
7 little bit earlier. It was in Tab 30 of Claimants'  
8 binder from yesterday.

9 BY MS. SILBERMAN:

10 Q. The English version of the exhibit has the  
11 dissent beginning on page 19, and in the Spanish  
12 version the dissent begins on page 24.

13 A. I found it.

14 Q. Mr. Lee, could you read the first sentence of  
15 the dissent to yourself and then let me know once  
16 you've finished.

17 A. (In English) The first sentence?

18 Q. Of the dissent.

19 A. Yeah. (in Spanish) I've read it.

20 Q. What conclusion, if any, should we draw from  
21 the fact that Mr. Mitchell's observations were taken  
22 into account?

1           A.     I'm going to read the first paragraph. I  
2 quote: "Despite having submitted my remarks, which  
3 were initially--partially accepted by my colleagues, I  
4 must state that I do not agree with the decision  
5 issued in the Judgment."

6                     I think it is evident to me that this remark  
7 shows that the three justices of the Chamber discussed  
8 the matter. It means that the judges discussed a  
9 number of remarks made by Mr. Mitchell in connection  
10 with a draft judgment that was drafted by Mr. Durán,  
11 the Justice writing for the Court. And in a discussion  
12 they held orally (because that's what happens at the  
13 Civil Chamber, to have oral discussions, and also  
14 discussions en banc). And Mr. Ortega and Mr. De León,  
15 the other two justices, accepted and included in their  
16 majority vote, a number of the remarks made by Justice  
17 Mitchell. However, they did not include others, and  
18 then Justice Mitchell issued a dissenting opinion.

19           Q.     Yesterday, Claimants also asked you at length  
20 about the various rules on evidence. And first I would  
21 like to make sure that I understand the relevant  
22 framework. So, let's turn to Tab 17 of Claimants'

1 binder from yesterday, which, for the record, is  
2 Exhibit R-138, the Panamanian Judicial Code.

3 A. I found it.

4 Q. Now, I understand this Judicial Code is  
5 organized or divided into titles, or "titulos." Is  
6 there a title on evidence?

7 A. That's right.

8 Q. What title is it?

9 A. Title 7 is called "evidence."

10 Q. And within this Title 7, there appear to be  
11 different chapters. Are the rules that are set forth,  
12 or contained, within one chapter applicable to the  
13 categories of evidence described in the other  
14 chapters?

15 A. No.

16 Q. So, do the rules from the document chapter  
17 apply to expert evidence?

18 A. No.

19 Q. Now, you also were asked some questions about  
20 the introduction of evidence at the appellate phase of  
21 the Civil Proceeding?

22 A. That's right.

1 Q. Does the appellate court have the authority  
2 to introduce evidence ex officio?

3 A. Yes, in a limited manner. Article 793 of the  
4 Judicial Code indicates that the Appellate Court may  
5 sua sponte—that is to say, of its own initiative—state  
6 the taking of the evidence that it deems necessary to  
7 clarify issues that are doubtful or obscure in the  
8 proceedings.

9 Q. And does the text say "may" or does it say  
10 "shall?" Of 793?

11 A. It uses an imperative language. It imposes  
12 the duty to do so.

13 Let me read Article 793, and it says, I  
14 quote: "In addition to any requested evidence and  
15 without prejudice to other provisions of this code,  
16 the first instant judge shall order for the main  
17 record and for any resulting ancillary claim during  
18 the evidentiary period or at the time of issuing a  
19 ruling, the submission of any evidence that the judge  
20 may deem appropriate to verify any assertion by the

1 parties, and the second instance judge shall request<sup>5</sup>  
2 a submission of evidence required to clarify obscure  
3 or doubtful points in the proceeding."

4 This language imposes on the trial courts and  
5 appellate courts both a duty and a power.

6 Q. Is a party permitted to ask a court or a  
7 judge to exercise its ex officio authorities?

8 A. It may do so. That possibility is already  
9 contemplated at Article 473 of the Judicial Code, and  
10 the tribunal may accept or not. That is to say, the  
11 tribunal is not compelled to issue a decision. In  
12 this case, the tribunal<sup>6</sup> shall have to determine the  
13 need—that is to say, if there is a need—to accept the  
14 request as presented by the party.

15 Q. Is a coadyuvante permitted to intervene in an  
16 appellate proceeding?

17 A. Yes.

18 Q. Is a coadyuvante permitted to attach evidence  
19 to its petition?

---

<sup>5</sup> The correct Spanish-language version of the answer states: "practicará."

<sup>6</sup> Mr. Lee's use of the word "tribunal" is a reference to Panamanian courts.



1           A.     It is allowed, with the only specification  
2 that the intervening coadyuvante that is supporting or  
3 helping one--the case of one of the parties-- should,<sup>7</sup>  
4 as stated in code six--in Article 603 of the Judicial  
5 Code, submit the evidence with his or her intervention  
6 brief.

7           Q.     If a coadyuvante presents evidence or  
8 attaches it to its petition, would the other side be  
9 able to present counter-evidence?

10          A.     In the case of Article 603, there is no  
11 specification for the other party to appear or to  
12 respond. But the other party, the opposing party--  
13 rather, the party opposing the party that the  
14 coadyuvante is intending to help-- as soon as it  
15 realizes the submission of the petition, shall  
16 participate by presenting an opposition brief. And if  
17 the third party coadyuvante has introduced evidence,  
18 the party that received the evidence will introduce  
19 any other evidence that he or she deems necessary with  
20 the opposition brief.

---

<sup>7</sup> The correct Spanish-language version of the answer states: "debe."

1           Let me explain how it works. As I indicated  
2 in my second memorial—and I think that I already  
3 mentioned this yesterday during my intervention—the  
4 civil proceeding in Panama is in writing. Briefs are  
5 presented – and with the presentation, submission of  
6 paper documents. The litigants follow on a daily basis  
7 or based on the importance of the case, follow it as  
8 frequently as possible through interns, through  
9 paralegals who visit the courts, and request the file  
10 or they do it every other day to see if there is any  
11 other submission by the other party or any actions by  
12 the tribunal.<sup>8</sup> So that if a third party intervenes in  
13 writing to support one of the parties, the opposing  
14 party, if that party has a responsible attorney, would  
15 have realized a couple of days later, and that party  
16 would have the possibility—and, as a matter of fact,  
17 the professional duty would be—to immediately respond  
18 any of the third-party coadyuvante presented evidence  
19 it would make sense in the opposition brief to  
20 introduce the counter-evidence deemed necessary.

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<sup>8</sup> Mr. Lee's use of the word "tribunal" is a reference to Panamanian courts.

1 Q. Yesterday, there was some discussion of  
2 Article 1275 of the Judicial Code, which I believe  
3 only appears in the Spanish version of this exhibit.

4 Does Article 1275 of the Judicial Code  
5 authorize the submission of counter-evidence in an  
6 appellate proceeding?

7 A. Yes.

8 Q. Just a couple more questions. We're going to  
9 turn now to the Claimants' Request for Arbitration,  
10 which was submitted only in English, and I didn't hand  
11 around earlier.

12 Mr. Williams, if you don't have any  
13 objection, we're going to hand Mr. Lee a clean copy of  
14 the document. You're welcome to take a look at it, if  
15 you like, just to make sure it's clean.

16 MR. WILLIAMS: No objections.

17 MS. SILBERMAN: And we also will pull it up  
18 on the screen for everyone else's benefit.

19 Q. Mr. Lee, please turn to page 9.

20 In paragraph 29, Claimants describe the  
21 evidence put forward in the First Instance Proceeding.  
22 Do you see any reference here to the letter that we've

1 been discussing, the Foley letter?

2 A. Let me see.

3 (Witness reviews document.)

4 A. Yes.

5 Indeed, at paragraph 29 of this document, the  
6 plaintiffs, Bridgestone companies, expressly mention  
7 that "L.V. International argued" that Muresa and Tire  
8 Group Companies--that is to say, that the concerns  
9 Muresa and TGFL had "were justified on the basis of  
10 the Reservation of Rights Letter referenced in  
11 paragraph 23." And that I imagine is the Foley letter.

12 Q. Let's turn to page 12. Would you read  
13 paragraph 34 aloud for us? Apologies, page 12 of the  
14 PDF, but page 11 of the actual document.

15 A. Page 11?

16 Q. Page 11 on the physical copy, yes.

17 A. (In English) 34?

18 Q. Yes, please.

19 A. (In English) Read it for myself?

20 Q. Read it aloud.

21 A. (In English) Aloud.

22 (In English) I quote, 34: "Muresa and TGFL

1 appealed the Eleventh Circuit Court's Decision to the  
2 First Superior Court of the First Judicial Circuit,  
3 ('Superior Court') on January 5, 2011. In doing so,  
4 Muresa and TGFL did not present new evidence on  
5 appeal. In written submissions, however, they argued  
6 that the Eleventh Circuit Court failed to give proper  
7 weight to certain testimony and documentary evidence.  
8 To this end, Muresa and TGFL highlighted the testimony  
9 of sales employees, as well as the Reservation of  
10 Rights Letter referred at Paragraph 23 above  
11 (addressed to L.V. International and not to Muresa or  
12 TGFL), which they claimed was the basis for Muresa and  
13 TGFL's 'fear' that their tire inventory would be  
14 seized by Bridgestone." End of quote.

15 Q. And just one more question. Could you turn  
16 to page 12, and read the first two sentences of  
17 paragraph 38.

18 A. The first two paragraphs?

19 Q. The first two sentences in paragraph 38,  
20 please.

21 A. (In English): I quote 38: "On January 3,  
22 2014, Muresa and TGFL appealed to the Supreme Court of

1 Panama ('Supreme Court'). Again, Muresa and TGFL did  
2 not introduce new evidence, and their arguments  
3 mirrored those made before the First Superior Court:  
4 That important evidence put forth by them at trial had  
5 not been properly considered by the Eleventh Circuit  
6 Court."

7 And it continues.

8 Ah, end of quote.

9 Q. Thank you, Mr. Lee. I have no further  
10 questions for you at this time.

11 PRESIDENT PHILLIPS: Thank you. The Tribunal  
12 has no questions, and you are released. Mr. Lee,  
13 thank you very much for your testimony.

14 THE WITNESS: (In English) Thank you very  
15 much, Mr. President and Members of the Tribunal.

16 (Witness steps down.)

17 MS. KEPCHAR: Good morning, Mr. President.  
18 The Claimants will now call Edwin Molino García.

19 MS. SILBERMAN: Mr. President, on our end,  
20 we're just going to need to make some changes in how  
21 we're configured. It will take us about three minutes  
22 to do that.

1           PRESIDENT PHILLIPS: Very well. A short  
2 break.

3           MS. SILBERMAN: Thank you.

4           (Pause.)

5           MS. SILBERMAN: Mr. President, I believe we  
6 are waiting for Ms. Gaela Gehring Flores, who will be  
7 back in a moment.

8           (Pause.)

9           MS. GEHRING FLORES: Ready, Mr. President.

10          PRESIDENT PHILLIPS: Very well. We shall  
11 proceed.

12          MS. KEPCHAR: Mr. President, will you be  
13 having the Witness read the swearing in?

14          PRESIDENT PHILLIPS: Quite right.

15          Do you have that in front of you?

16          Would you read it to yourself. And if happy  
17 with it, read it to us.

18                   EDWIN MOLINA GARCÍA, CLAIMANTS' WITNESS,

19                                   CALLED

20          THE WITNESS: I read it, and I agree with it.  
21 I will read it aloud.

22          Expert Statement: I solemnly declare upon my

1 honor and conscience that what I shall say shall be in  
2 accordance with my sincere belief.

3 MS. KEPCHAR: Thank you.

4 DIRECT EXAMINATION

5 BY MS. KEPCHAR:

6 Q. Good morning, Mr. Molino. Thank you for  
7 traveling from Panama to be here today.

8 Would you please state your full name.

9 A. Edwin Molino García.

10 Q. Edwin Molino García. You have a binder of  
11 documents in front of you. Could you please turn to  
12 Tab 1.

13 A. Yes.

14 Q. Please take a look at that and turn to the  
15 last page, look at the signature, and please let me  
16 know if this is the Expert Report that you prepared  
17 for this proceeding?

18 A. Yes.

19 Q. Are there any typographical or translation  
20 errors that you would like to point out and correct in  
21 the Report?

22 A. (In English) Yes. I will speak in Spanish.



1           At Paragraph 20, when it is indicated why  
2 that the Respondent had acted in clear good faith, it  
3 should say that the "Claimants."

4           At Paragraph 29--and let me know if I'm going  
5 too fast--at Paragraph 29, it says "January 23rd,  
6 2013," and it should read "July 1st, 2013."

7           At Paragraph 39, in the final section, it  
8 reads that the Tribunal did not decide on, but it  
9 should say that it did decide to the notoriety.

10           And at Paragraph 61, it should read that  
11 BFS--

12           PRESIDENT PHILLIPS: Go back to 39, and I  
13 will pick this up.

14           THE WITNESS: Okay. At 39, in the final  
15 section, let me see exactly where it is. It says that  
16 the Judge did not refer to the notorious aspect, but  
17 it should say that it did refer to that.

18           And at 61, it says that BFS did not intervene  
19 as third parties, but it should only quote BFS, not  
20 the two companies, only BFS, not L.V. International.

21           BY MS. KEPCHAR:

22           Q. Mr. Molino, are you a practicing Panamanian

1 lawyer?

2 A. (In English) yes.

3 Q. What are your areas of expertise?

4 A. My areas of expertise are different processes  
5 before the offices of trademark and patent in Panama  
6 and copyright issues, as well as intellectual  
7 property.

8 In addition to that, I also have portfolios  
9 for foreign clients where we manage their brands, not  
10 only trademarks, not only in Panama but also in other  
11 areas of the region, and that includes the Latin  
12 American Region.

13 Q. Have you represented any clients in Trademark  
14 Opposition Proceedings in Panama?

15 A. Yes, starting in 1991.

16 Q. Approximately how many have you handled?

17 A. We do not have statistics of the cases that  
18 we have handled over the last 30 years. In my case  
19 over the last 28 years, but I am certain that they are  
20 in the hundreds.

21 Currently, I am in charge or I am the leading  
22 attorney for claims against at least 50 requests for

1 registration. We're either the Claimants, or the  
2 Respondents in some cases, and also in proceedings  
3 where trademarks have been unduly used in the criminal  
4 area, and we also have cases in the City of Panama and  
5 also in the City of Colón.

6 Q. So, Mr. Molino, now I have several questions  
7 about Panamanian Law.

8 Does Panamanian Law prohibit a trademark  
9 owner from opposing a registration for a mark for a  
10 competing product?

11 A. No.

12 The Panamanian legislation--and here I am  
13 referring to the Panamanian legislation that was in  
14 force when the Claims by Muresa were submitted that  
15 are the subject matter of this case--I imagine that in  
16 previous decisions or in previous comments, it was  
17 clear that Panamanian Law trademark was amended in  
18 2012, and that some changes do not apply in this case,  
19 so I will be referring to the Panamanian legislation  
20 in force at the moment of this case, when this case  
21 took place. The Panamanian legislation does not  
22 prevent this type of claim.

1           And even when you combine Article 91 with  
2 Law<sup>9</sup> 77 of Decree 7 of 1998, that is the one  
3 regulating that law, establishes the possibility of  
4 presenting a claim in opposition for trademarks, and  
5 it also lists possibilities at Section 9, where it is  
6 clearly established that similar brands will be--will  
7 be able to be subject of a claim whenever there is any  
8 visual or any other similarity with the new product  
9 whenever there is a risk of confusion.

10       Q.    Could you turn, Mr. Molino, please, to Tab 4  
11 in your binder.

12       A.    (In English) Okay.

13       Q.    This is Exhibit R-0026.

14       A.    (In English) Okay.

15       Q.    Is this the law that was in place at the time  
16 of the Opposition Proceeding at issue here?

17       A.    I haven't read all of the pages here, but it  
18 would seem it is.

19       Q.    I refer you to Page 17.

20       A.    (In English) Okay.

---

<sup>9</sup> The Spanish-language version says "artículo 91 de la ley con el artículo 77." See Spanish Transcript for Day 3 at 298:1-2.

1 Q. That page contains Section 91 of the law. Is  
2 that the section you were referring to in your  
3 testimony?

4 A. (In Spanish) Yes.

5 Q. So, is it your testimony that it's completely  
6 legal under Panamanian Law for a competing company to  
7 oppose registration of a mark for use on, say,  
8 computers, if the Company that's opposing makes  
9 computers as well?

10 A. Yes, correct. It is completely allowed under  
11 the law.

12 Q. Or for a tire company opposing registration  
13 of a mark for tires? Is that perfectly legal?

14 A. Yes, it is perfectly acceptable.

15 (Pause.)

16 SECRETARY TORRES: Ms. Kepchar, I think the  
17 Court Reporter is saying that you two are overlapping,  
18 so please slow down, and, Mr. Molino, maybe speak a  
19 little closer to the microphone because she's having  
20 difficulty hearing you. Thank you.

21 MS. KEPCHAR: Yes, of course.

22 THE WITNESS: The answer to both questions

1 was, yes, correct. Yes, it is allowed.

2 BY MS. KEPCHAR:

3 Q. If goods of the Parties involved in an  
4 opposition are the not the same or related, is it your  
5 opinion that it would be more difficult for the  
6 opposer to establish the likelihood of confusion under  
7 Law Number 35?

8 A. The answer is yes. The Trademark System in  
9 Panama and in other countries has something which is  
10 called the "Rule of Specialty," which means that the  
11 trademarks only protect certain goods and services for  
12 which they're registered.

13 To break with the Rule of Specialty--that is  
14 to say to oppose a goods and services that are not  
15 related--one must make a significant evidentiary  
16 effort; and, in those cases, depending on the  
17 circumstances, normally it will be required that one  
18 prove that the trademark is famous, and, in some very  
19 specific cases, notoriety might also be useful, but  
20 one would have to take a look at it on a case-by-case  
21 basis.

22 Q. Turning to your own personal experience, do

1 trademark oppositions in Panama frequently involve  
2 competing goods?

3 A. Yes, correct. In Panama and in the various  
4 countries in which we administer proceedings whether  
5 for registration proceedings--procedures or  
6 oppositions, it is common for the action to be  
7 presented against products that are intimately  
8 interrelated and as between companies that are  
9 competitors.

10 Q. Again, referring to your own personal  
11 experience, are trademark oppositions in Panama  
12 frequently brought against a direct competitor of the  
13 trademark owner?

14 A. Well, evidently, it's all going to depend on  
15 each case, and there will be exceptions in which an  
16 opposition party against someone who is not a direct  
17 competitor, but based on my personal experience--from  
18 the standpoint of my personal experience, in effect,  
19 it is most common that an action's brought against a  
20 competitor.

21 Q. Mr. Molino, does Panamanian Law prohibit a  
22 trademark owner from opposing registration of a mark

1 when the Applicant has already begun using that mark  
2 in the jurisdiction here in Panama?

3 A. No. The legislation clearly establishes that  
4 the best right over a trademark is held by that person  
5 who has used it first, and, in the absence of use,  
6 that who registered it first.

7 Now, evidently, this is known as the "best  
8 right." Evidently, the person who is able to prove  
9 that he used the trademark first, or as the case may  
10 be registered at first or both will have the best  
11 right to the trademark and will be the person who will  
12 prevail in the proceeding also proving, of course,  
13 that there is risk of confusion.

14 Q. Mr. Molino, I now refer you to Tab 3 of the  
15 binder in front of you. That's the Second Expert  
16 Report by Marissa Lasso de la Vega Ferrari. I refer  
17 you to Pages 10 through 15 of this Report.

18 A. (In English) Okay.

19 Q. So, in those pages, Ms. Lasso de la Vega  
20 lists page after page of the evidence submitted by the  
21 Bridgestone Parties in the Trademark Opposition  
22 Proceeding. Ms. Lasso de la Vega states in Paragraph



1 22 of her Report that every single piece of this  
2 evidence is irrelevant to the issues of "similarity,  
3 notoriety, or confusion between the brands." Do you  
4 agree with that characterization?

5 A. No. I respectfully take issue with the  
6 opinion of my Panamanian colleague. In effect, here  
7 there is a list of evidence--items of evidence--that  
8 were taken into account and weighed by the Court.

9 There is clear evidence that show these are to  
10 discredit the notoriety of the trademark, these are  
11 evidence of use in Panama, evidence of export of the  
12 product in Panama, publicity of the product in  
13 newspapers that circulate in the country, billboards  
14 for advertising purposes, all aimed at establishing  
15 the dissemination and the fact that the trademark is  
16 well-known in the public.

17 But apart from that, and independent of what  
18 I might consider, or what my colleague, Lasso de la  
19 Vega, might consider, the Court ruled specifically on  
20 this matter, and it said that there was clear evidence  
21 of the intensive use of the trademark in commerce.

22 It went further, and said that there was

1 clear evidence that the trademark, particularly  
2 FIRESTONE, had been registered for practically 100  
3 years continuously, and had also been in use  
4 continuously over that time, and it listed  
5 international events such as the Formula One, where  
6 there was publicity and dissemination of such  
7 products.

8           And after all of this being developed by the  
9 eighth judge, she concludes by saying that the  
10 trademark is well-known.

11           So, independent of what we experts might  
12 opine, it was a formal pronouncement by the court in  
13 this regard, and I don't think that there is any  
14 question about that.

15           Q.    Mr. Molino, I refer you quickly to Page 8 of  
16 the same report, specifically Paragraph 19. Here,  
17 Ms. Lasso de la Vega states that: "In any Opposition  
18 Proceeding, at least the following seven types of  
19 evidence is expected to be provided: Testimonials to  
20 prove similarity and the risk of confusion, reports  
21 that demonstrate the similarity or confusion, market  
22 studies regarding the knowledge of the Panamanian

1 population regarding the brand if the purpose is to  
2 show notoriety, sales volume, sponsorships,  
3 acknowledgments and awards received--or awards  
4 received, volume of advertising and market penetration  
5 in Panama, among others."

6           Is it true that all of those types of  
7 evidence is expected to be provided in any likelihood  
8 of confusion, opposition in Panama, as Ms. Lasso de la  
9 Vega represents?

10           A.    In my view, this is incorrect. One of the  
11 things that is clearly observed is that she uses the  
12 phrase "at least," which I understand in Spanish is  
13 "por lo menos," which means that any lesser quantity  
14 is not acceptable, which is to say that perforce one  
15 must have at least satisfied these seven situations.

16           Well, clearly, this is a list of evidence  
17 that is allowed and that might be useful when a judge  
18 is making a decision in a trademark matter.

19           But, for example, testimony, witness  
20 testimony is not so common in respect of intellectual  
21 property matters except in those cases where if  
22 somebody must recognize their signature or a signature

1 or a document, but witness testimony is not much used  
2 in these kinds of proceedings. It's not that they  
3 never happen. It does happen in some cases, and I  
4 have presented such evidence, depending on the  
5 circumstances, but as a general rule, and as I've  
6 indicated on several occasions, whoever used it first,  
7 whoever registered it first, and none of that is  
8 proven with witnesses.

9           With respect to matters such expert witness,  
10 well, expert reports are not very commonly used to  
11 show risk of confusion. In Panamanian courts, and the  
12 main reason is that the Judge--well, both the Judges,  
13 the trial-court judges, and the Appellate Court judges  
14 have considered on repeated occasions that risk of  
15 confusion goes to the Judge, and is part of the  
16 Judge's knowledge. There are innumerable rulings in  
17 this jurisdiction where it has been indicated that  
18 expert evidence, to show a judge that trademarks may  
19 or may not be similar, holds no weight when it comes  
20 to weighing the evidence.

21           For example, in the same case the persons  
22 from Muresa presented a very lengthy Expert Report by

1 Mr. Carlos de la Guardia.

2 Q. Mr. Molino, can you please--

3 A. I'm sorry, I haven't finished.

4 And Mr. Carlos de la Guardia--I think it was  
5 at Page 21--drew up a full report related to confusion  
6 of the trademarks, and the Judge specifically  
7 concludes at Page 21, if my memory serves me well,  
8 that he will not attribute any evidentiary weight to  
9 that evidence because, in effect, the Decision, as to  
10 whether the trademarks are confusing corresponds  
11 specifically to the judge.

12 So, evidently, things like market studies  
13 surveys are allowed as evidence, but normally they're  
14 not used because of the cost entailed and because of  
15 the uncertainty as to whether they will be given any  
16 weight at the end of the day. That is why I said  
17 that, in my opinion, this evidence is not the minimum  
18 necessary in an Opposition Proceeding.

19 Q. Thank you.

20 Could you turn now to Tab 6 in your binder,  
21 and I refer you specifically to Page 3, Paragraph 14  
22 of this document, which is entitled "Witness Statement

1 of Audrey Williams."

2 Have you reviewed this document, Mr. Molino?

3 A. Yes.

4 (In English) Can you repeat that?

5 Q. Have you reviewed the document?

6 A. (In Spanish) Yes.

7 Q. In Paragraph 14, the paragraph starts: "The  
8 Right of Use granted to the Licensee can also be  
9 enforced against third parties, when the challenged  
10 mark is the one that has been licensed."

11 The paragraph goes on to say: "In case of an  
12 opposition or annulment against the licensed  
13 trademark, the Licensee could participate in the  
14 proceedings as a collaborating party and file evidence  
15 of its use of the mark to help in the defense".

16 Do you agree with that position stated in  
17 Ms. Williams's Report?

18 A. Yes, correct.

19 Basically, what this paragraph indicates is  
20 that a licensee can participate as a third party in a  
21 proceeding, and present evidence of use of the mark in  
22 the place where they hold the License.

1           Q.     Mr. Molino, the paragraph goes on to say:  
2     "Such evidence may include proof that the confronted  
3     marks can coexist if goods bearing the marks are found  
4     in the market (in which the case--in which case the  
5     action would be dismissed because there would be no  
6     likelihood of confusion or association) or by proving  
7     that the challenged application registration was being  
8     used before the date of first use or registration of  
9     the opposing mark (in which case the action would be  
10    dismissed for lack of standing to sue."

11                     Do you understand this statement in  
12    Ms. Williams's Report?

13           A.     This statement by Ms. Williams is a bit  
14    confusing in terms of the terminology used, and it's  
15    likely that there will be some problems of the use of  
16    the English language.

17                     I understand that she's trying to indicate  
18    that evidence of coexistence and of risk of confusion  
19    may be presented, but then she states parenthetically,  
20    (in English) "in which case the action will be  
21    dismissed." Everything would appear to indicate that  
22    what she wanted to say was "could", and I'm not clear

1 what she means when she says the action would be  
2 dismissed. In Panamanian legislation--and in this  
3 sense it's different from the U.S. legislation,  
4 without claiming to be any sort of expert in U.S.  
5 legislation, there is no Motion to Dismiss, which does  
6 exist in the U.S. legal system.

7           The most similar thing that exists is what is  
8 called at motion for a prior and special  
9 pronouncement. And in the case of trademark  
10 legislation, this motion refers to only three  
11 particular topics: Res judicata, time-barred claim,  
12 and the preclusion of the Claim. None of these has  
13 nothing to do whatsoever with coexistence, so I  
14 assume, because evidently I did not draft this, I  
15 assume that what she wanted to say is that, if the  
16 Licensee submits sufficient evidence that would enable  
17 them to convince the Judge that the trademarks can  
18 coexist in the market, then there would be a  
19 possibility of a favorable judgment. I assume that  
20 that's what she means to say because, for me, it's not  
21 quite clear what the paragraph refers to.

22           And then she goes on talking about a matter



1 which I've indicated on several occasions which is  
2 that at the end of the day what matters is who used  
3 the trademark versus who registered the trademark  
4 first.

5 Q. Okay. Thank you, Mr. Molino.

6 MS. KEPCHAR: Mr. President, I don't have any  
7 further questions.

8 PRESIDENT PHILLIPS: Thank you.

9 CROSS-EXAMINATION

10 BY MS. GEHRING FLORES:

11 Q. Good morning, Mr. Molino.

12 A. (In English) Good morning.

13 Q. My name is Gaela Gehring Flores, and I  
14 represent the Republic of Panama. I'm going to be  
15 asking you some questions. As you have no doubt  
16 discovered there are Court Reporters and Interpreters,  
17 and because of that, we have to speak pretty slowly,  
18 and if we could try not to overlap with each other,  
19 that's best.

20 If you need a break at any time, just let us  
21 know.

22 You also have, I believe, or you will have, a

1 binder of documents, and the first document in that  
2 binder is your Expert Report.

3 A. I assume so, it says Molina and not Molino.  
4 I suppose that must be a typo.

5 Q. I have a close association with the last name  
6 Molina, so it may be--my husband's last name is  
7 Molina.

8 A. (In English) No problem.

9 Q. So excuse the mistake.

10 A. (In English) No problem.

11 Q. Mr. Molino, you have given your opinion about  
12 the effect of the May 14th Supreme Court Decision;  
13 correct?

14 A. (In English) Yes.

15 Q. And its effect in Panama; correct?

16 A. (In English) Yes.

17 Q. Do you believe that all trademarks in Panama  
18 have been devalued due to the 2014 Supreme Court  
19 Decision?

20 A. No.

21 Q. Mr. Molino, other than being engaged as an  
22 expert in this proceeding by Bridgestone, has any

1 Bridgestone entity ever engaged you for your services?

2 A. (In Spanish) That's a very broad question,  
3 and there is a possibility that we've done something  
4 in the past. My law firm was founded in 1933. As far  
5 as I recall, no.

6 Q. I'm asking you personally, not necessarily  
7 your firm. I'll get to that, but you personally, have  
8 you ever been otherwise engaged by a Bridgestone  
9 entity?

10 A. Are you going to tell me which Bridgestone  
11 entity or are you going to show me a list of  
12 companies?

13 Q. You're right. Does your firm not have a  
14 conflicts procedure where you search for client's  
15 names--

16 (Overlapping speakers.)

17 A. Yes, of course.

18 Q. When you place the word "Bridgestone" into  
19 your conflicts system at your firm, does anything come  
20 up?

21 A. Are you asking me if I enter Bridgestone in  
22 the computer at this time would something come up?

1 Q. In your conflicts system, yes.

2 A. I don't have my computer in front of me, I  
3 can't tell you that.

4 Q. Before you were engaged as an expert in this  
5 proceeding, did you do a conflicts search?

6 A. We did a check as to whether any work had  
7 been done for Bridgestone in the last three years.

8 Q. And what was the result of that search?

9 A. That there had been no work done for  
10 Bridgestone in the last three years.

11 Q. Any Bridgestone entity?

12 A. Once again, that's a very broad phrase. I  
13 don't know offhand all the Companies that make up the  
14 Bridgestone group.

15 Q. So you didn't do a conflict search for the  
16 word "Bridgestone"?

17 A. We did so for BFS. We did so for Bridgestone  
18 Corporation, and we did so for Bridgestone Licensing.

19 Q. For the past three years?

20 A. Yes.

21 Q. How about Bridgestone Americas?

22 A. We did not do a search for Bridgestone

1 Americas.

2 Q. Okay. Are you aware that Bridgestone  
3 Americas is a Claimant in this proceeding?

4 A. Possibly, yes, but I found that out after I  
5 began to study the case.

6 Q. You are not aware of who the Claimants are in  
7 this arbitration proceeding?

8 A. No. What I'm telling you is that before the  
9 case I did not know directly. I was asked directly  
10 about my involvement in cases involving Muresa and in  
11 the Bridgestone and Firestone opposition. I  
12 investigated--or looked into what there was in those  
13 cases and I reached the conclusion that the Companies  
14 involved in those particular cases that there was no  
15 conflict with my office.

16 Q. And at that time--

17 A. With me.

18 Q. --you were told that Bridgestone Corporation  
19 was a party?

20 A. An e-mail that I received--well, first I  
21 received a phone call, then I received an e-mail.  
22 This was in March--

1 MS. KEPCHAR: Mr. President, I'm sorry to  
2 interrupt, but to the extent that Ms. Flores is  
3 getting into work product, we would object to that.

4 MS. GEHRING FLORES: I have absolutely no  
5 idea how this could be work product. I just asked if  
6 he thought--if he was told that Bridgestone  
7 Corporation was a party to this proceeding for his  
8 conflict search.

9 MS. KEPCHAR: I just want to add,  
10 Mr. President, to the extent Ms. Flores is getting  
11 into e-mails going back and forth with Akin Gump, we  
12 would object to that as work product.

13 PRESIDENT PHILLIPS: I haven't identified any  
14 objectionable question to date.

15 BY MS. GEHRING FLORES:

16 Q. I'm sorry, is your mike on?

17 A. (In English) Okay. It went off.

18  
19 A. Could you repeat the question, please?

20 Q. Yes. Were you told that Bridgestone  
21 Corporation is a party to this proceeding?

22 A. Now you're asking me about Bridgestone

1 Corporation and not Bridgestone Americas?

2 Q. Exactly. Yes.

3 A. Well, I don't recall the exact conversation  
4 that I had in March of this year but it's possible  
5 that I was told the two words Bridgestone Corporation.

6 Q. You searched for "Bridgestone Corporation" in  
7 your conflict check; is that right?

8 A. When there was verification of the trademarks  
9 that were involved in the Opposition Proceeding, yes.

10 Q. Because I think you told me that you searched  
11 for the Parties involved in this arbitration, or is  
12 that not correct?

13 A. What I told you was that I investigated or  
14 looked into the Parties involved in the case, and I  
15 entered Muresa and Bridgestone, which had been subject  
16 of the opposition. That was the first question that I  
17 was asked.

18 If I had participated in any way in that  
19 case.

20 Q. Fair enough.

21 I guess to sum up, however, are you telling  
22 me that you are unable to tell this Tribunal whether

1 or not you have represented any Bridgestone entity in  
2 your personal career?

3 A. If in 28 years I have never represented a  
4 Bridgestone entity, well, first of all, I would have  
5 to respond by saying I don't know the list of entities  
6 that make up the Bridgestone group, and so the answer  
7 is I cannot tell you.

8 Q. You didn't represent or--yeah, you didn't  
9 represent any Bridgestone entity during the Opposition  
10 Proceeding against the RIVERSTONE mark; correct?

11 A. No, the firm that was involved in that case  
12 is called Benedetti & Benedetti.

13 Q. And you didn't otherwise advise Bridgestone  
14 during the Opposition Proceeding against Riverstone;  
15 correct?

16 A. No, I did not.

17 Q. You didn't represent Bridgestone during the  
18 Civil Tort Proceeding that Muresa brought against  
19 Bridgestone; correct?

20 A. You said civil tort--

21 (Overlapping speakers.)

22 A. No.



1 Q. And you didn't otherwise advise Bridgestone  
2 during that Civil Tort Proceeding; correct?

3 A. No.

4  
5 Q. Do you have a relationship with the law firm  
6 Benedetti & Benedetti?

7 A. Tell me what you mean by relationship?

8 Could you please define for me what does  
9 "relationship" mean?

10 Q. Do you work with them, for starters?

11 A. I do not work at the firm Benedetti &  
12 Benedetti.

13 Q. Do you work with them, with Benedetti &  
14 Benedetti?

15 A. My law firm and the Benedetti & Benedetti  
16 firm are distinct firms, and we're competitors in the  
17 same market.

18 Q. I believe, as you just mentioned, that  
19 Benedetti & Benedetti represented Bridgestone during  
20 the Trademark Opposition Proceeding against Muresa;  
21 correct?

22 A. Yes, that's what's reflected in the papers

1 that are in the binders that were given.

2 Q. And they represented Bridgestone during the  
3 Civil Tort Proceeding as well?

4 A. Yes, that is what appears in the documents.  
5 Personally, I have no personal knowledge of it.

6 Q. Okay. She's asking you to repeat.

7 A. Yes, that is what is reflected in the papers  
8 that I have been shown that are in these binders.

9 Q. And the law firm Morgan and Morgan, are you  
10 familiar with that law firm?

11 A. Yes, I am familiar with them.

12 Q. And are you familiar with its role in the  
13 Civil Tort Proceeding?

14 A. Only with respect to the documents that I've  
15 seen.

16 Q. Morgan & Morgan represented Bridgestone in  
17 the Civil Tort Proceeding as well; correct?

18 A. Yes, at the end, when some remedies were  
19 filed against the Decision of the Supreme Court.

20 Q. Did you consult with Morgan & Morgan or  
21 Benedetti & Benedetti during the Civil Tort  
22 Proceeding?

1           A.     I did not.

2                     It was not very common that a competitor  
3 calls another competitor to ask how to deal with a  
4 case.  I'm not sure how things work here in the  
5 States, but in Panama, and I think in the countries  
6 that I work with, I don't think competitors call each  
7 other to consult or ask questions.

8           Q.     Mr. Molino, who drafted your Expert Report?

9           A.     I did.

10          Q.     But counsel for Bridgestone was, I assume,  
11 involved in the process; correct?

12          A.     No.  They did not.

13          Q.     They didn't add anything.

14          A.     No, they did not.

15          Q.     They didn't review your Report?

16                    MS. KEPCHAR:  Again, Mr. President, I think  
17 Ms. Flores is drifting into work product.

18                    PRESIDENT PHILLIPS:  I think she may be.

19                    MS. GEHRING FLORES:  I think these are  
20 typical questions trying to get at who was involved  
21 drafting his Report.  These are very, very usual  
22 questions.

1 I'm not asking him to say what they told him.  
2 I'm just asking: Did someone review?

3 THE WITNESS: In Spanish, I sent a document  
4 with my First Report. That document was returned to  
5 me in English, and I was asked if I agreed with the  
6 translation. And there were some issue, and I changed  
7 some words that appeared in the translation.

8 Truth be told, no one told me who the  
9 translator was, if that was a question they asked me.

10 BY MS. GEHRING FLORES:

11 Q. And counsel for Bridgestone did not suggest  
12 any corrections to the original in Spanish?

13 MS. KEPCHAR: Again, Mr. President, this is  
14 inquiring into work product.

15 PRESIDENT PHILLIPS: What you're being asked  
16 is whether you produced that report by yourself  
17 without any alterations being made at the suggestion  
18 of anybody else.

19 THE WITNESS: I did it myself. That's the  
20 answer.

21 I think the question is a bit disrespectful,  
22 but, along those lines, I think that counsel is trying

1 to get to a point, I don't know what the point is,  
2 but, indeed, I prepared the Report. I spent hours and  
3 hours and hours reading the thousands of pages on the  
4 file.

5 BY MS. GEHRING FLORES:

6 Q. And so I guess I take it you didn't consult  
7 with anyone from Benedetti & Benedetti or  
8 Morgan & Morgan in order to draft your Report?

9 A. I did not.

10 Q. So, all of the ideas in your Report come from  
11 you and you alone, except for certain corrections?

12 A. Yes.

13 Q. Okay. You've stated in your Report, I  
14 believe, at Paragraph 13, if you would like to follow  
15 along--and for everyone who has binders, I believe the  
16 first document is the Spanish original, and the second  
17 document behind the blue sheet is the English.

18 A. Which paragraph?

19 Q. 13.

20 So, you state in your Report that you've  
21 based your opinions on your knowledge of Panamanian  
22 Law; correct?

1 A. Yes.

2 Q. You also took into account the facts at issue  
3 in this case?

4 A. Please repeat the question.

5 Q. You also took into account the facts at issue  
6 in this case?

7 A. If I examined the facts of the case, if  
8 that's what you're asking, the answer is yes.

9 Q. You stated in your Report that Claimants'  
10 counsel provided you with documents related to the  
11 facts of this case; correct?

12 A. Correct.

13 Q. And the documents that counsel provided to  
14 you are cited in your Report?

15 A. There are not.

16 The list of documents...

17 Q. Okay. So perhaps for a better clarification,  
18 Paragraph 13 of your Report says: "This Report is  
19 based on Panamanian Law, the Jurisprudence of the  
20 Panamanian Courts, the documents contributed to the  
21 arbitral process (which were provided to me by the  
22 firm Akin Gump Strauss Hauer & Feld, LLP, and which I

1 refer to below), and my professional experience."

2 Did I read that correctly?

3 A. Yes, you did.

4 I was making reference to the fact that I was  
5 referring to whatever it is that I studied in the  
6 documents, not that I was attributing to the thousands  
7 of pages that I had read in connection with the  
8 Report.

9 Q. Is it your testimony, Mr. Molino, that you  
10 have reviewed the entire record?

11 A. No. My testimony is that I reviewed the  
12 documents that were provided to me that made reference  
13 to the trademark process, all the evidence and all the  
14 stages, procedural stages, in that process.

15 And also, in connection with the tort case,  
16 all of the stages of the case and also all of the  
17 evidence.

18 I was not given more information in  
19 connection with the main aspects of the case. That  
20 is, the Memorial, the Counter-Memorial, et cetera. My  
21 expert opinion was geared to making comments in  
22 connection with the Expert Witness opinion of Marissa

1 Lasso. I am not doing any kind of opinion in  
2 connection with any other aspect of the proceedings.

3 Q. So, just to be clear, I understood from your  
4 Report that you have cited to the documents that  
5 you've reviewed; is that correct, or no?

6 A. If you look in my Report and you read it, my  
7 Report is about 30-some pages long, and it's  
8 impossible for me to have cited the thousands of pages  
9 that I looked at.

10 What I'm making reference to, evidently, is  
11 that after studying the document, I provided my  
12 opinion.

13 Q. And I guess I'm not quite clear on this,  
14 either.

15 So, you did review the entire record in both  
16 the Trademark Opposition Proceeding and the Civil Tort  
17 Proceeding, or you didn't?

18 A. Yes, I read all the documents.

19 I was given the information on the cloud.  
20 Each cloud has a number and a code, so I had to enter  
21 each number and each code to go up to the cloud and  
22 read each of the documents, if that's what you're



1 asking.

2           On the cloud, each file had information in  
3 connection with different matters. First, some of  
4 them had to do with the trademark claim, and others  
5 had to do with the tort claim.

6           Q. So, earlier, you mentioned that you were  
7 making a correction to Paragraph 61 of your Report?

8           A. Correct.

9           Q. I believe now you are correcting your Report  
10 to say that--well, why don't we--before the  
11 correction, it read: "The U.S. companies, BFS Brands,  
12 LLC, and L.V. International, Inc., were not part of  
13 the Civil Proceeding for Damages."

14                   Is that correct?

15           A. Yes.

16           Q. And now you would like to correct that  
17 sentence so that it reads "Las" or maybe "La," (in  
18 Spanish) "The U.S. company, BFS Brands, LLC, was not  
19 part of the Civil Proceeding for Damages."

20           A. No. The correction that I made had to do was  
21 not incorporated as third parties.<sup>10</sup>

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<sup>10</sup> The Spanish-language version of this sentence states "[n]o, la corrección que yo hice fue con

1 Q. You tell me, Mr. Molino. How would you like  
2 it to read?

3 A. Between the comma and the period of Line 4,  
4 it says "nor were they incorporated third parties."  
5 Evidently, L.V. was incorporated as a third party. So  
6 it should read, BFS Brands, LLC, was not incorporated  
7 as a third party.

8 Q. When did you realize this error in your  
9 Report, Mr. Molino?

10 A. When I started studying documents for this  
11 Hearing, specifically, and I would like to refer again  
12 to the cloud. The cloud contained the files, and the  
13 files contained a number of numbers and codes. The  
14 codes--and this only related to four documents in  
15 connection with the third-party intervention by L.V.,  
16 those files were not in order. And, indeed, I was  
17 able to see that an application was made, and the  
18 application had been rejected, but I hadn't looked at  
19 the appeal.

20 When the Parties in the case referred to the

---

respecto a la frase: "no fueron incorporadas como terceros." See Spanish Transcript for Day 3 at 329:5-7.

1 "headings," you see that the headings did not have  
2 "L.V." on them.

3 Q. I imagine you might want to correct  
4 Paragraph 62 as well, then?

5 A. Yes, the phrase says "as third party."

6 Q. But it's your testimony that you, despite  
7 this mistake, you reviewed the entire record of the  
8 Civil Tort Proceeding; correct?

9 A. Yes.

10 Q. So, I guess it wouldn't be surprising if  
11 there is significant overlap between the arguments  
12 that Bridgestone presented in the Civil Tort  
13 Proceeding and your Expert Report?

14 A. I don't really understand your question, to  
15 tell you the truth.

16 Q. Do you think that there is overlap between  
17 the arguments that you present in your Expert Report  
18 and the arguments presented during the Civil Tort  
19 Proceeding by Bridgestone?

20 A. You need to be more specific.

21 Q. Okay. Starting at Paragraph 33 of your  
22 Report and going all the way, I think, to 69--

1           A.     Um-hmm.

2           Q.     --you give your opinion about the Demand  
3 Letter and its admission in the Civil Tort Proceeding,  
4 do you not?

5           A.     If you give me time to read from 33 to 69, I  
6 could do it.

7           Q.     I don't think we really have time for that.

8                     But you did give a lot of opinions about the  
9 admission of the Demand Letter in the Civil Tort  
10 Proceeding, didn't you?

11          A.     Are you referring to the letter by Peter  
12 Mack?

13          Q.     Yes.

14          A.     Yes.

15          Q.     Yes. Do you believe there is overlap between  
16 the arguments that you present in your Expert Report  
17 about that Demand Letter and the arguments that  
18 Bridgestone presented in the Civil Tort Proceeding?

19          A.     My work as an expert witness is not to  
20 qualify what Benedetti did in that case. I'm giving  
21 my opinion as to how things should be.

22          Q.     Let me just refer you to Exhibit C-13, which

1 is in your binder. It will be after your Report and  
2 after Ms. Lasso de la Vega's Report and Ms. Williams's  
3 Report, there is a tab that says C-0013.

4 Do you recognize that as the Demand Letter or  
5 the letter you referred to as signed by Mr. Peter  
6 Mack?

7 A. (In English) Yes.

8 Q. And it is this letter that you speak much  
9 about in your Report; correct?

10 A. Correct.

11 Q. Okay. And in your view, I believe in  
12 Paragraphs 58, 60, 64 of your opinion, you believe  
13 that the admission of this letter in the Civil Tort  
14 Proceeding violated Articles 792, 856, 857, 858, 871,  
15 and 877 of the Judicial Code; correct?

16 A. I didn't read it. I take it from you, but I  
17 assume so.

18 Q. Are you aware that Bridgestone said that  
19 basically the same articles were violated during the  
20 Civil Tort Proceeding? This was their argument?

21 A. They must have used the document--the  
22 argument that they deemed fit. I'm giving you my

1 opinion.

2 Q. But you read the file; correct?

3 A. Correct. Yes, I did read the file. I don't  
4 remember by heart the Articles that Benedetti used in  
5 one of their arguments in the pleadings, to answer  
6 your question.

7 Q. Well, let's see. Would you turn to Exhibit  
8 C-23 in your binder. If you want to turn to Page 17  
9 of Exhibit C-23. I will represent to you and you can  
10 confirm that--

11 A. (In English) Page?

12 Q. Page 17.

13 And I will represent to you that this is the  
14 Bridgestone Litigants' opposition to the Muresa and  
15 Tire Group's appeal in the Civil Tort Proceeding.

16 A. (In English) Okay.

17 Q. And I believe this is the portion of their  
18 opposition where they are arguing that the letter  
19 never should have been submitted. And you will see in  
20 the first bullet point, or "entrada," the numbers--or  
21 Article Numbers 856, 857; second bullet, 871; third  
22 bullet, 877; and I believe the last bullet, even

1 though it doesn't state the article number, I believe  
2 that speaks to Article 792.

3           Are you surprised there is overlap between  
4 your Expert Report and these arguments presented  
5 during the Civil Tort Proceeding?

6           A.   (In Spanish) The answer is very simple. The  
7 document that you showed to me, the letter by  
8 Mr. Peter Mack, is something evident. Any law school  
9 student would know that this could not have been  
10 admitted as in evidence, this letter that is. It is  
11 very easy to determine this if you compare the  
12 articles that make reference to this private document.

13           A number of questions were asked during this  
14 morning's examination, and reference was made to those  
15 articles that made reference to "evidence," and it was  
16 explained that the Judicial Code has a number of  
17 sections. One of these sections refers to private  
18 documents.

19           This is discussed daily in intellectual  
20 property courts. If a document comes from overseas  
21 and it does not meet the formal requirements for  
22 authentication, that document is not valid. Every day

1 we say that when documents are submitted, they're  
2 signed by an individual. If it's not a public  
3 servant, that person has to come and acknowledge the  
4 signature.

5           These kinds of things are very basic, and I  
6 am not surprised that they have used these types of  
7 arguments.

8           Q. Well, we don't need to go through the other  
9 briefs that were submitted in the Civil Tort  
10 Proceeding, I imagine, to show that there's pretty  
11 significant overlap between what you have in your  
12 Report and what the Bridgestone Parties presented  
13 during the Civil Tort Proceeding.

14           A. This issue is relatively simple to determine,  
15 if you look at it objectively. These are the articles  
16 that apply to that situation. If anyone else looks at  
17 this letter and analyzes the situation under these  
18 circumstances, they're going to refer to the same  
19 articles of the Judicial Code.

20           Q. Mr. Molino, you've practiced in the field of  
21 intellectual property in Panama for over 20 years; is  
22 that correct?



1 A. (In English) What was the number?

2 Q. 20.

3 A. (In English) 28.

4 Q. 28.

5 And I gather from the answers to  
6 Ms. Kepchar's questions this morning, you're familiar  
7 with the law that currently governs trademarks and  
8 trademark oppositions in Panama; correct?

9 A. Are you making a reference to Law 65<sup>11</sup>  
10 modified by Law 61?

11 Q. Yes.

12 You are familiar with the law that currently  
13 governs trademark law--

14 (Overlapping speakers.)

15 Q. You are familiar with the law or laws that  
16 currently govern trademark and trademark oppositions  
17 in Panama today?

18 A. (In English) Yes.

19 Q. And as you stated, that's Law 35 as amended  
20 by Law 61; is that correct?

---

<sup>11</sup> The Spanish-language version says "35." See Spanish Transcript for Day 3 at 336:13.

1 A. (In English) Yes.

2 Q. Law 35 was enacted in 1996; correct?

3 A. Correct.

4 Q. And Law 61 was enacted in 2012 as an  
5 amendment to Law 35; is that correct?

6 A. Yes.

7 I can also tell you why. I can also tell you  
8 why.

9 Q. We can save that for redirect, if you like.

10 A. Um-hmm.

11 Q. Article 38 of Law 61 sets forth certain  
12 categories of items that may not be registered as  
13 trademarks; correct?

14 A. What article of the law are you making  
15 reference to? Article of Law 61 that modifies a  
16 different article, or are you making reference to  
17 something else?

18 Q. If you want, you can turn in your binder to  
19 R-27.

20 A. (In English) Okay.

21 Q. And so you also have a reference at R-26 is  
22 Law 35. But Law 61 is at R-27.

1           So when I refer to Article 38 of Law 61--

2           A.   (In English) Okay.

3           Q.   --is Article 38 of Law 61 the current law of  
4 the land in Panama?

5           A.   Article 38 modifies Article 91 of Law 35.

6           Q.   It's the current law of the land.

7           A.   (In Spanish) Yes.

8           Q.   And this Article sets forth certain  
9 categories of items that may not be registered as  
10 trademarks; correct?

11          A.   Correct.

12          Q.   And Article 38 of Law 61 implements the  
13 general principle of trademark law that similar marks  
14 that are liable to cause confusion cannot be  
15 registered; is that correct?

16          A.   It's a little bit broader than that, but in  
17 general terms, yes.

18          Q.   Article 42 of Law 61 sets forth the rights of  
19 owners of registered trademarks; correct?

20          A.   Correct. It amends Article 99 of Law 35.

21          Q.   And that includes the right to prevent a  
22 third party from using a confusingly similar mark for

1 same or similar goods; correct?

2 A. Correct.

3 Q. Now, we will switch to Law 35, and  
4 Article 139 of Law 35, which again Law 35 is  
5 Exhibit R-26 in your binder.

6 A. (In English) R-26?

7 Q. R-26, yes.

8 A. (In English) Okay.

9 What article?

10 Q. Article 139. That's Page 25 of 41.

11 A. (In English) Page 25?

12 Yes.

13 Q. This Article authorizes a trademark owner to  
14 request the cancellation or invalidation of a  
15 trademark through an Opposition Proceeding; correct?

16 A. Please repeat the question.

17 Q. This--

18 (Pause.)

19 Q. This Article, Article 139 of Law 35,  
20 authorizes a trademark owner to request the  
21 cancellation or invalidation of a trademark through an  
22 Opposition Proceeding; correct?

1           A.     Almost.  The article that you are indicating  
2 shows the possibility of requesting a cancellation or  
3 invalidation action; and, for that, the procedure  
4 established in the law will be used for opposition  
5 purposes.

6           Q.     So, this Article authorizes trademark owners  
7 to bring Opposition Proceedings; correct?

8           A.     It does not.  This Article--and if you look  
9 at Chapter 7, the heading is "Cancellation and  
10 Invalidation of Registration."  It does not talk about  
11 "opposition."

12                   What Article 139 is pointing out is that when  
13 an action for cancellation and invalidation is  
14 submitted, which is different from an opposition  
15 claim, well, the law had to establish the procedure  
16 that was going to be used, and the procedure was  
17 that--the procedure used was going to be exactly the  
18 same used for opposition claims.

19                   The law could have determined a different  
20 procedure.  It wouldn't have been very logical, but it  
21 could have done so.

22                   But it's not the same to submit an opposition

1 to using the procedure established for opposition  
2 purposes.

3 Q. I guess my question is a little bit more  
4 simple: Does the law, currently governing trademarks  
5 in Panama, whether Law 35 or Law 61, authorize  
6 trademark owners to bring Opposition Proceedings?

7 A. Yes.

8 PRESIDENT PHILLIPS: Would that be a  
9 convenient moment to adjourn for 15 minutes?

10 MS. GEHRING FLORES: Yes, that's fine.

11 PRESIDENT PHILLIPS: It would help the  
12 Tribunal if the corrections that you spoke to orally  
13 could be reproduced in writing so that we can have  
14 them in our files.

15 THE WITNESS: (In English) Could you repeat  
16 that?

17 PRESIDENT PHILLIPS: Yes. Orally, you made  
18 some corrections.

19 THE WITNESS: (In English) Ah, okay.

20 PRESIDENT PHILLIPS: If we could have those  
21 in writing so we have the corrected version.

22 THE WITNESS: (In English) Okay.

1           PRESIDENT PHILLIPS: Thank you.

2           (Brief recess.)

3           PRESIDENT PHILLIPS: Very well. We'll  
4 resume.

5           MS. GEHRING FLORES: Thank you,  
6 Mr. President.

7           BY MS. GEHRING FLORES:

8           Q. So, I believe before the break, Mr. Molino,  
9 we were speaking about various articles of Law 35 and  
10 Law 61 governing the trademark legal system in Panama;  
11 is that right?

12          A. (In English) Yes.

13          Q. These provisions of the law are still in  
14 force today; correct?

15          A. (In English) The one in Law 61, yes.

16          PRESIDENT PHILLIPS: I think you ought to  
17 keep to your own language.

18          THE WITNESS: (In Spanish) I apologize.  
19 The one in Law 61 is still in force.

20          BY MS. GEHRING FLORES:

21          Q. And under Law 61--or just one moment.

22          Are there provisions of Law 35 that are still

1 the law of the land today in Panama, or no?

2 A. Yes. The Amendment introduced by Law 61 is a  
3 partial amendment or modification to Law 35.

4 Q. Along those lines, companies and other  
5 entities are still registering trademarks in Panama;  
6 am I correct?

7 A. Correct.

8 Q. And I guess going back to these laws still  
9 being in force, more specifically the Supreme Court  
10 Decision of 2014 did not derogate these laws?

11 A. Would you please use a word different from  
12 "derogate"?

13 Q. "Derogar." In Spanish. "Derogar."

14 A. The decisions by courts do not derogate legal  
15 provisions. There is a proceeding for  
16 unconstitutionality. And in an illegality proceeding  
17 with a Contentious-Administrative Chamber in Panama  
18 where you can challenge some legislations, but the  
19 decisions, the ordinary decisions by the Courts of  
20 Justice do not modify laws.

21 Q. So, your answer is "yes" or "no": Did the  
22 Supreme Court Decision of 2014 derogate, "derogar,"



1 did it derogate Law 61 or Law 35, or are those still  
2 the governing laws of the land in Panama?

3 A. It would have been impossible to derogate 61,  
4 but once again, it did not derogate either/or.

5 Q. So, as I mentioned, companies and other  
6 entities still registered trademarks in Panama;  
7 correct?

8 A. Correct.

9 Q. Trademark owners still bring Opposition  
10 Proceedings to oppose the registration of confusingly  
11 similar marks. Does that still happen?

12 A. Yes, indeed, it still happens, but this  
13 Decision that was a key decision in this jurisdiction  
14 was analyzed, and it is taken into account; and, in a  
15 responsible fashion, the attorney has to communicate  
16 its client whether in a specific case he or she thinks  
17 that there could be a similar decision.

18 Q. Has any decision come out from any court in  
19 Panama citing the 2014 Decision?

20 A. So far as I know, as far as I know, clearly I  
21 do not have time to review all of the judicial  
22 records. The answer is no.

1 Q. How about in an Opposition Proceeding? Has  
2 any court in an Opposition Proceeding Decision cited  
3 to the 2014 Supreme Court Decision in a Civil Tort  
4 Proceeding?

5 A. I'm not quite certain in what context that  
6 case could be cited because the damages case is a  
7 civil case, and in an Opposition Case before the  
8 Commercial Court, to call it like that, but that is  
9 specialized in intellectual property and free  
10 competition. And, clearly, the Decision should not  
11 cite the Bridgestone case. It could be used by a  
12 respondent that prevails in an attempt to obtain a  
13 similar outcome by resorting to the civil  
14 jurisdiction.

15 Q. If I understand you correctly, the answer is  
16 "no." The Supreme Court Decision is not cited in  
17 Opposition Proceedings?

18 A. I think that the explanation was quite broad,  
19 but once again, those are two different jurisdictions.  
20 There would not be a reason why it should be quoted  
21 directly as part of an Opposition Proceeding.

22 Q. I believe earlier Ms. Kepchar asked about how

1 many Trademark Opposition Proceedings you've brought.  
2 I don't know if that's currently, but she mentioned  
3 the number or you mentioned the Number 50. Is that  
4 how many Opposition Proceedings you have before the  
5 courts?

6 A. I mentioned that we have presented claims or  
7 received claims in 50 requests for registration.

8 Q. And that is currently?

9 A. Right now, this is what I currently handle.

10 Q. So, despite the Supreme Court Decision,  
11 business is not slow for you.

12 A. What are you referring to?

13 Q. "Va bien," is it going well?

14 A. Well, if you are asking me whether we have  
15 the same number of cases that we used to have, I think  
16 that the answer is "yes."

17 Q. So, trademark owners continue to bring  
18 Opposition Proceedings opposing the registration of  
19 confusingly similar marks today; is that correct?

20 A. Yes, but--

21 Q. You can explain more with your counsel. Let  
22 me just ask a follow-up question.

1           And you, in your personal experience,  
2 continue to bring, on behalf of your clients,  
3 Opposition Proceedings opposing the registration of  
4 confusingly similar marks; is that correct?

5           A.    Yes.

6           Q.    And some of the Trademark Opposition  
7 Proceedings that are brought are to oppose marks that  
8 are confusingly similar when the marks have coexisted  
9 in the marketplace as well; correct?

10          A.    Are you asking me about one of my cases in  
11 particular?

12          Q.    No, in general. In general, companies,  
13 entities still bring Opposition Proceedings to oppose  
14 marks that are confusingly similar, even when the  
15 opposed mark has been in existence in the marketplace  
16 before the opposition is brought. That still happens;  
17 right?

18          A.    Yes. When you are referring to "existing,"  
19 it means that they are currently used in trade, and  
20 the answer is "yes." There are some opposition claims  
21 against those brands that are still being used.

22          Q.    And, in these Opposition Proceedings, do the

1 Claimants still win?

2 A. Once again, are you referring--you're talking  
3 about very general broad and very general broad terms.

4 Q. Yes.

5 A. Yes, in some cases, the Claimant, and in  
6 other cases the Respondent prevailed.

7 Q. It's not like as if after the Supreme Court  
8 Decision all Claimants in Opposition Proceedings lose?

9 A. No.

10 Q. In fact, I would imagine that, since the  
11 Supreme Court Decision, you have personally won  
12 Opposition Proceedings on behalf of your clients?

13 A. Yes.

14 Q. So, back to the question that I asked you at  
15 the beginning, I asked you whether or not you believe  
16 that the Supreme Court Decision has devalued all  
17 trademarks in Panama, and you said "no"; correct?

18 A. No.

19 Q. Are you aware of the Expert Report of  
20 Mr. Daniel in this proceeding?

21 A. (In English) Daniel is the last name?

22 Q. Daniel. Yes, he is Bridgestone's damages

1 expert.

2 A. No.

3 Q. Are you aware that your Expert Report was  
4 cited in Mr. Daniel's Expert Report to support  
5 Bridgestone's damages case?

6 A. No.

7 Q. Okay. Well, I would like to show you that.  
8 I think on your screen--and you will be passed a copy  
9 of Mr. Daniel's Second Expert Report, and--sorry,  
10 Paragraph 49, Page 19.

11 A. (in English) Page 19?

12 Q. Yeah, Page 19, Paragraph 49. I'm going to  
13 read this paragraph to you so you can see how your  
14 Expert Report was used in the Damages Expert Report.

15 PRESIDENT PHILLIPS: You have this in  
16 English, do you?

17 THE WITNESS: Yes.

18 PRESIDENT PHILLIPS: Yes. And you're happy  
19 to read it in English?

20 THE WITNESS: Well, I prefer to read it in  
21 Spanish.

22 BY MS. GEHRING FLORES:

1 Q. I can read it, and if you like, you could  
2 hear the interpretation.

3 A. I need something.

4 Q. I believe the Expert needs headphones.

5 (Pause.)

6 Q. And just for context, Mr. Molino, Mr. Shopp  
7 is Panama's damages expert. Mr. Daniel, as we have  
8 just discussed, is Bridgestone's damages expert.

9 So, Paragraph 49: "Mr. Shopp asserted that  
10 Panama's intellectual-property protection ratings  
11 increased from 2014 to 2018 and asserted that it  
12 demonstrates that the country has become less risky  
13 overall, 'not far riskier as Mr. Daniel claims.' He  
14 also referenced overall country-specific risk in other  
15 areas of his Report. It is my understanding that  
16 Claimants' trademark law Expert, Mr. Edwin Molino,  
17 believes that the Supreme Court Decision has impacted  
18 'intellectual property' rights in Panama beyond just  
19 the Subject Trademark rights. For example, I  
20 understand that changes to Panamanian trademark law  
21 practice are already being felt and that other  
22 defendants have started to refer to recklessness or

1 temerity on the part of other plaintiffs in trademark  
2 opposition cases. I understand Mr. Molino had never  
3 seen this before the Supreme Court Decision, and in  
4 his view this is a direct result of the Supreme Court  
5 Decision."

6 Now, I would like to show you--and you may  
7 want to keep your headphones on--I would like to show  
8 you what Mr. Daniel is responding to. He's responding  
9 to--

10 A. (In English) I don't have it.

11 Q. Excuse me?

12 A. (In English) I don't have it.

13 Q. I will show you.

14 He's responding to Mr. Shopp's First Report.  
15 You can actually see in Mr. Daniel's report at  
16 Paragraph 49, he footnotes that first sentence, and he  
17 cites to Mr. Shopp's Report at Paragraphs 86 and 87.

18 So, I'm going to show you Mr. Shopp's First  
19 Report at Paragraph 86.

20 A. (In English) I'm lost. Which page?

21 Q. It's Page 35. Paragraph 86.

22 A. (In English) Yes, now I'm there (in Spanish



1 and no interpretation).

2 Q. Okay. This is what Mr. Shopp said: "There  
3 also does not appear to have been an increase in the  
4 general risks faced by intellectual property owners in  
5 Panama following the Supreme Court Decision. As  
6 discussed in Section V.B below, Mr. Daniel's damages  
7 calculation is based on the premise that the Supreme  
8 Court Decision increased the risk of "intellectual  
9 property" rights in Panama to the same level as  
10 Pakistan (one of the riskiest countries in the world  
11 with respect to intellectual-property protections)."

12 Did you hear that?

13 A. (In English) Yeah.

14 Q. Okay. So, Mr. Molino, Mr. Daniel,  
15 Bridgestone's damages expert, is using your Report to  
16 justify applying a risk rate to Panama that would be  
17 equivalent to the risk rate applied to Pakistan.  
18 That's what he's using as his justification. And just  
19 so that you can see exactly what Mr. Daniel is doing,  
20 I'm going to now show you Appendix 8.3 of Mr. Daniel's  
21 First Report. And if we can get that up on the  
22 screen?

1 A. (In English) 8-point...

2 Q. 8.3.

3 A. (In English) That's the number of the  
4 appendix?

5 Q. Yes. The number of the appendix.

6 A. (In English) I have it.

7 Q. Okay. So, if you're at Appendix 8 then  
8 you'll go in--

9 A. (In English) To Page 3?

10 Q. Yeah.

11 A. (In English) Okay. It's the one that starts  
12 with--

13 Q. It's also up on your screen, so you will see  
14 Appendix 8 followed by 8.1, 8.2 and 8.3.

15 A. (In English) Okay.

16 Q. I want to make sure this is clear to you.

17 So, in Mr. Daniel's, Bridgestone's damages  
18 expert's estimation, the risk rate that should have  
19 applied to Panama with respect to "intellectual  
20 property" rights before the Supreme Court Decision was  
21 equal to that of Spain.

22 Do you see that? Do you see the entry for

1 Spain?

2 A. (In English) Yes.

3 Q. It says "Panama" before.

4 A. (In English) Yeah.

5 Q. And it's giving a Country Risk Premium  
6 adjustment of 15.9 percent.

7 Now, if you go down all the way to the list,  
8 below Brazil, below China, below India, below Saudi  
9 Arabia, below Venezuela, below Russia, is Pakistan.  
10 That is the rate, that is the risk rate that  
11 Mr. Daniel applies to Panama because of your Expert  
12 Report. Do you agree that the Trademark System in  
13 Panama is as risky as that of Pakistan because of the  
14 Supreme Court Decision?

15 A. I generally am not accustomed to answering  
16 without knowing, and it's really the first time I'm  
17 seeing these documents. If you give me the  
18 opportunity to read what it says because many of the  
19 things that are here, it's your interpretation of what  
20 the document says. I would have to sit down to read  
21 through them to be able to give you a response.

22 Q. Okay, Mr. Molino, I will take that.

1           But you are an expert in this proceeding, and  
2 if you don't want to agree with my assertions of what  
3 these documents are saying, then I'm going to give it  
4 to you as a hypothetical, and you could answer that as  
5 an expert.

6           Hypothetically, if Bridgestone's damages  
7 expert used your opinion to move the intellectual  
8 property risk rate of Panama down to that of the risk  
9 rate of Pakistan, would you agree with that?

10          A.     The truth is I have no idea where this table  
11 came from. It would appear to indicate that Pakistan  
12 is the riskiest country. I don't know personally  
13 whether the table is correct. I don't know at what  
14 level we are at.

15           It would appear from what I see here that  
16 Spain was not very high up on the list either, that  
17 China was not very high up on the list, so I'm not  
18 really very sure where this came from.

19           So, hypothetically speaking, you're telling  
20 me that do I agree that I said at some point in time  
21 that Panama should be last on the list, I did not say  
22 that Panama should be last on a list that I'm not even

1 familiar with.

2 Q. So, you don't agree that the Supreme Court  
3 Decision has made Panama the riskiest or one of the  
4 riskiest countries with respect to "intellectual  
5 property" rights in the world?

6 A. That is not what I said.

7 Q. Thank you, Mr. Molino. No further questions.

8 REDIRECT EXAMINATION

9 BY MS. KEPCHAR:

10 Q. Mr. Molino, counsel for Panama directed  
11 you to Law Number 35 and Law Number 61, both Trademark  
12 Laws in Panama, correct?

13 A. (In English) Yes.

14 Q. What was the law in place when the option  
15 proceeding in this case was determined?

16 A. Just the Law 35.

17 Q. So, Law 61 didn't exist, so it wouldn't have  
18 applied. Is that right?

19 A. No. (In Spanish) Law 61 is from 2012. There  
20 was no possible way in which something that did not  
21 exist could apply.

22 Q. So, the only Trademark Law relevant to the

1 Opposition Proceeding was Law Number 35?

2 A. Correct.

3 Q. Thank you.

4 MS. KEPCHAR: No more questions.

5 PRESIDENT PHILLIPS: I have two questions.

6 QUESTIONS FROM THE TRIBUNAL

7 PRESIDENT PHILLIPS: The first question is:

8 When did you first learn of the 2014 Supreme Court  
9 Decision?

10 THE WITNESS: (In English) I don't remember  
11 exactly, but it probably was shortly after that  
12 decision. That Decision--(In Spanish) I'm sorry, I'm  
13 going to switch to Spanish.

14 (In Spanish) That Decision had a significant  
15 impact among intellectual property lawyers. I don't  
16 think there is a single intellectual property lawyer  
17 in Panama who does not know about that Decision. The  
18 Judgment is from 2013, if my memory serves me well, it  
19 would have been within one month or six weeks as of  
20 the date it was handed down.

21 PRESIDENT PHILLIPS: Thank you.

22 The other question is about the Foley letter.

1 If Muresa had wanted to adduce that in evidence, what  
2 did it have to do in order to do so?

3 THE WITNESS: The answer is quite simple:  
4 When the opposition was presented, a Claimant can  
5 select with which companies they bring the opposition;  
6 and, when the opposition was presented, the persons  
7 from Muresa decided to present it as Muresa and Tire  
8 Group of Factories. They did not decide to use L.V.

9 In those circumstance, had they submitted  
10 some evidence in the evidentiary period established by  
11 the law with evidence related to two companies that  
12 were not party to the proceeding, such evidence would  
13 not have been admitted; and, therefore, they would  
14 have had to have a third party intervention by L.V.  
15 within the evidentiary period. They did that in the  
16 Opposition Proceeding.

17 In the Opposition Proceeding, as they were  
18 the Respondents, they presented these two companies,  
19 Tire Group of Companies and L.V. International as  
20 third parties with the aim of introducing evidence of  
21 those companies in this proceeding. So they already  
22 had the prior experience of the previous case, and

1 they made the Decision not to do so.

2 Evidently, the issue of how evidence is  
3 introduced in the record is, I believe, a very  
4 important issue. And the characterization made a few  
5 minutes ago by Mr. Lee, who I very much  
6 respect--indeed, he was my professor--I believe is  
7 mistaken.

8 When a third party enters the record in a  
9 Civil Proceeding, the third party enters it in the  
10 stage that the proceeding is at.

11 In the case we are looking at, L.V. entered  
12 the proceeding in the final stage of the trial phase,  
13 which was the arguments phase, and so it presented in  
14 its brief a letter, which is the Foley letter, which  
15 was not relevant at all to its ability to appear as a  
16 third party in the proceeding.

17 Third-party intervention at that stage of the  
18 proceeding, well, the third party can only produce  
19 evidence that would justify to the Judge that it could  
20 be accepted as a third party. Any interpretation  
21 against that argument would create judicial chaos  
22 because otherwise, all the Parties would simply



1 reserve evidence, then bring in a company of the group  
2 as the third party; and, if one is admitted, what  
3 would stand in the way of 500 being admitted?

4 So, I can come forward in the arguments phase  
5 with 500 new items of argument, arguing that the third  
6 party has the ability to submit evidence with its  
7 brief? Well, evidently the answer is "no."

8 Now, as the Superior Court pointed out  
9 subsequently in these kinds of proceeding, a third  
10 party can intervene at any stage. So this,  
11 theoretically, could have occurred as per Expert Lee's  
12 position on appeal before the ruling was handed down.

13 PRESIDENT PHILLIPS: Can I try again? I  
14 understand one point being made is that this letter  
15 was not authenticated.

16 THE WITNESS: (In English) Yes.

17 PRESIDENT PHILLIPS: If Muresa wanted to put  
18 it in evidence, how would it set about getting the  
19 letter authenticated?

20 THE WITNESS: This is a little different from  
21 the previous point. The first point was when could  
22 the letter be incorporated. I understand the question

1 now is understanding or with the hypothetical  
2 question, had it been presented in timely fashion,  
3 what would Muresa to have done? If that is the  
4 question, in effect, a private document, which is the  
5 case here, because it's not admitted by a public  
6 servant, requires ratification. It requires  
7 ratification of the signature and ratification of its  
8 content.

9           Indeed, the person who is going to be  
10 ratified may be subject to or should be subject to  
11 questions by the other Party if it were a document in  
12 Panama. However, if it is a document from abroad,  
13 then they apply other rules which are general rules  
14 with respect to documentary evidence. And, in  
15 Panamanian legislation, no document from  
16 abroad--none--that has not been authenticated by the  
17 Consul of Panama, or by the seal of the apostil of the  
18 1928 Convention, may be validly admitted as evidence.

19           In my Report, I even cited rulings by the  
20 Judges involved where they say exactly that.

21           PRESIDENT PHILLIPS: My question, I think, is  
22 a little simpler.

1           This was a letter written by a lawyer acting  
2 for a company that was part of the group to which the  
3 opposing company belonged. How, in practice, should  
4 this have been authenticated? What would have had to  
5 have been done?

6           THE WITNESS: They would have had to have  
7 authenticated the original version of the letter with  
8 the apostil seal; and, to that end, evidently, well,  
9 that gets into U.S. law, which I'm not an expert, I  
10 assume one way or another, some notary must have been  
11 involved because the apostil seals are not placed with  
12 respect to the signatures of private persons but  
13 rather with respect to signatures of public officials  
14 or signatures of notaries.

15           So someone must have authenticated that  
16 evidence under the rules of the U.S. system, had the  
17 apostil placed, and then forwarded the letter to  
18 Panama.

19           PRESIDENT PHILLIPS: Thank you.

20           ARBITRATOR GRIGERA NAÓN: Sorry, following up  
21 on the question, on your first answer to whatever you  
22 understood from the question of the President.

1 I need to better understand what is the role  
2 of the coadyuvante. My understanding--and you correct  
3 meit is not an additional or independent party. It  
4 steps into the shoes of the Party in respect of which  
5 is acting as a coadyuvante; is that right?

6 THE WITNESS: Well, in Panama, there are  
7 different types of third-party intervention. In this  
8 case in particular, which is the coadyuvante third  
9 party, this third party can only help the party on  
10 behalf of which this comes forward.

11 But, in our system, there are other kinds of  
12 third parties, including there are third parties who  
13 step in and indicate that he is actually the primary  
14 holder of the right; and they come in bringing a claim  
15 against the two that already exist, although that's  
16 not the case here, and there's other kinds of  
17 third-party intervention.

18 But, in this particular case, he could only  
19 help the Party in respect of which it's a third party.

20 ARBITRATOR GRIGERA NAÓN: It's not an  
21 independent party, so which are the limitations of  
22 that help? What are the limitations on what the

1 coadyuvante can do in a procedure in respect of the  
2 party, a coadyuvante, is helping? How much--what is  
3 the scope of the help it can provide.

4 THE WITNESS: The third party can do  
5 everything that the Party he or she is helping can do  
6 to the extent that it effectively constitutes such  
7 assistance, but within the rules under the different  
8 stages of procedure beyond the stage at which the  
9 third party came in.

10 But I suppose that the Trial Court judge had  
11 admitted him in timely fashion, he would have been  
12 able to present arguments having to do with conclusion  
13 at the trial level.

14 Now, if he adopted it, admitted it, within  
15 that timeframe but only after the arguments, then he  
16 would have been able to participate with arguments on  
17 appeal. But the function is merely to assist the  
18 Party within that stage.

19 ARBITRATOR GRIGERA NAÓN: Well, what happened  
20 in the procedure? Really, what happened? The  
21 coadyuvante was not rejected by the Judge.

22 THE WITNESS: The third party was rejected by

1 the Judge of First Instance and was accepted by the  
2 Appellate Court.

3 (Overlapping interpretation with speaker.)

4 ARBITRATOR GRIGERA NAÓN: Again, whether the  
5 Judge rejected the intervention of the coadyuvante,  
6 and then you were answering my question to that.

7 THE WITNESS: Yes. The Trial Court, which  
8 was the Eleventh Circuit Court, if my memory serves me  
9 well, rejected the third-party intervention, and that  
10 third-party intervention was appealed to the Appellate  
11 Court, and the Appellate Court decided that the  
12 Decision is really not a judgment, it's a decision, an  
13 interlocutory decision, well, the Decision of the  
14 Court of Appeals, which we call the "Superior Court,"  
15 was that the third party should be accepted.

16 ARBITRATOR GRIGERA NAÓN: Thank you.

17 PRESIDENT PHILLIPS: Thank you very much.  
18 You are now released.

19 THE WITNESS: Thank you.

20 (Witness steps down.)

21 PRESIDENT PHILLIPS: Do we need a few  
22 minutes' break?

1 MS. HORNE: Yes, Mr. President, that will be  
2 very helpful.

3 PRESIDENT PHILLIPS: Very well.

4 (Brief recess.)

5 MARISSA LASSO de la VEGA FERRARI, RESPONDENT'S  
6 WITNESS, CALLED

7 MS. GEHRING FLORES: Mr. President and  
8 Members of the Tribunal, if we're ready to go, I'd  
9 like to introduce you to Ms. Marissa Lasso de la Vega,  
10 Panama's expert on Panamanian intellectual-property  
11 law and the Head of intellectual property at Alfaro,  
12 Ferrer & Ramírez.

13 Ms. Lasso de la Vega has submitted two expert  
14 reports in this arbitration--

15 PRESIDENT PHILLIPS: Before we start with  
16 questions, do you have the Expert Witness Declaration  
17 there?

18 THE WITNESS: No.

19 MS. KEPCHAR: Mr. President, and also,  
20 counsel, do we have an English translation of the  
21 presentation available?

22 PRESIDENT PHILLIPS: I think at the back it

1 is in English, isn't it?

2 MS. GEHRING FLORES: No, it is only in  
3 Spanish. We would be happy to provide one as soon as  
4 we can, but the Expert is testifying in Spanish, and  
5 her PowerPoint is in Spanish.

6 PRESIDENT PHILLIPS: Would you please carry  
7 on. Read the Declaration.

8 THE WITNESS: I solemnly declare upon my  
9 honor and conscience that my statement will be in  
10 accordance with my sincere belief.

11 PRESIDENT PHILLIPS: Thank you.

12 So as far as the presentation is concerned,  
13 we'll just need to have parts of it translated as and  
14 when they are referred to.

15 MS. GEHRING FLORES: Thank you,  
16 Mr. President.

17 DIRECT EXAMINATION

18 BY MS. GEHRING FLORES:

19 Q. Ms. Lasso de la Vega, do you have any updates  
20 or amendments to any of the--to either of the two  
21 reports that you submitted in this case?

22 A. I do not.



1 Q. Do you have any reactions to the testimony  
2 that Mr. Molino just gave?

3 A. My reaction, as the President of the  
4 Panamanian Association on IP Law, well, my reaction is  
5 that I'm concerned that work performed by a Panamanian  
6 colleague can somehow be used to consider that a  
7 Supreme Court Decision that was handed down five years  
8 ago puts Panama at risk of valuing the trademarks;  
9 that is inconceivable to me, and I think that  
10 Mr. Molino, an expert witness, just like me, I'm sure,  
11 is very concerned and surprised that his Expert Report  
12 was used incorrectly because I think that as he,  
13 himself, has stated, the Cassation Decision of five  
14 years ago was not cited in any of the IP claims. I  
15 know this; I have personal knowledge of this because,  
16 as the President of the Panamanian Association on IP  
17 Law, I review monthly every single judgment handed  
18 down by the specialized court on IP to upload them to  
19 a database for the members of the Association, the IP  
20 Association; and, in none of those judgments, mention  
21 has been made of this Cassation Judgment in relation  
22 with intellectual property.

1           So, it is very serious that this Cassation  
2 Judgment handed down five years ago has an impact on  
3 IP and trademark matters when it has never, ever been  
4 cited on an IP claim in the past five years, after the  
5 Supreme Court of Justice handed down this judgment.

6           Q.    Thank you, Ms. Lasso de la Vega.  You may  
7 proceed.

8                   (Pause.)

9                                   DIRECT PRESENTATION

10           A.    I work for Alfaro, Ferrer & Ramírez, a law  
11 firm.  It's a general services law firm, and I'm here  
12 to support the two expert reports that were prepared  
13 by me.  My CV is there.  You know who I am.  I  
14 mentioned that I was the President of the Panamanian  
15 Association on IP Law.  I look at and handle in my  
16 office in Alfaro, Ferrer & Ramírez about 25 IP claims  
17 per month, including opposition claims, cancellations  
18 and also processes related to nullity.  In this  
19 particular case, I'm going to focus on five aspects  
20 that, in my opinion, are the most relevant in  
21 connection with my Report, and also in connection with  
22 the statements made by Mr. Molino in connection with

1 my Report.

2 First, the letter – the famous Cease and  
3 Desist Letter.

4 Something that's very important to me is  
5 that, in Panama, the "cease and desist" as a concept  
6 is not defined. It's not regulated. That is the way  
7 it is; that's a fact; that's true. And it is,  
8 however, usual practice in Panama to use that kind of  
9 letter. The purpose of this letter is to intimidate,  
10 to try to suspend an act with no need for a proceeding  
11 to start. I'm not the only one who says this.  
12 Mr. Molino, in his Report – and there is a citation  
13 here at Point 82, when he makes reference to the Cease  
14 and Desist Letter – when it says, as its name  
15 indicates, a Cease and Desist Letter has the purpose  
16 that the receiver of that letter cease and desist a  
17 conduct or activity.

18 In the field of intellectual property, this  
19 is generally linked to the stoppage of a sale of a  
20 product or the provision of a service, which are  
21 potentially violating the rights of the sender of the  
22 letter. This is, in general terms, what Mr. Molino,

1 the Expert Witness, is using the same definition that  
2 I attached to the Cease and Desist Letter, and that is  
3 the usual interpretation of these kind of letters in  
4 Panama.

5 Now, let's look at Muresa's reaction in  
6 connection with that letter.

7 It's important for me to mention these things  
8 because I have heard in the past few days mention of  
9 the third-party coadyuvante, and that the letter does  
10 not specifically mention Muresa, but there is a direct  
11 relation with Muresa because no mention is made of  
12 Muresa there, so it's important for me to underscore  
13 some issues.<sup>12</sup> First, let's remember that Muresa is  
14 the holder and the owner of RIVERSTONE--the RIVERSTONE  
15 brand in Panama. And in the file within the whole  
16 opposition claim action or the action before the  
17 Supreme Court or the first tribunal, et cetera, there  
18 is information to show the commercial relationship  
19 that exists between Muresa and L.V. It is stated

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<sup>12</sup> The Spanish-language version of this sentence states "[i]mportante para mí: mencionar -porque en estos días que yo he estado sentada, he estado escuchando hablar del tercero coadyuvante, de que la carta no menciona específicamente a Muresa, de si está o no está dirigida a ella, cuál es la relación que existe con ellos-, entonces, para mí es importante resaltar unos aspectos. See Spanish Transcript for Day 3 at 373:21-374:5.

1 there that a distribution or representation contract  
2 exists, and that there is authority to register the  
3 brand. L.V. was a company – and this is also in the  
4 case file – whose representatives went to the  
5 opposition claim court and acted as a third party  
6 coadyuvante. When it went to the Eleventh Civil  
7 Court, it participated as or was asked to participate  
8 as a third Party coadyuvante.

9 First, the 11[th] Civil Court tried to solve  
10 the issue of third-party intervenor coadyuvante. This  
11 was handed down in 2010. And the Decision on the  
12 coadyuvante intervening was done in 2011. And then  
13 there was an appeal, and via a decision of 2012, L.V.  
14 was admitted as a third-party coadyuvante.

15 Apart from these things on file, I have to  
16 ask about the reaction that Muresa had when it gained  
17 knowledge of the letter.

18 First, what is the purpose<sup>13</sup> of the Letter?  
19 The purpose of the letter is the RIVERSTONE brand.  
20 This is what the letter refers to, and we cannot doubt

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<sup>13</sup> The correct Spanish-language version of the answer uses the term "objeto." The correct translation in this context would be "subject matter."

1 that concept. The purpose<sup>14</sup> of the letter is the  
2 RIVERSTONE brand.

3           What is the mission of this letter? To ask  
4 for the stoppage of the use of the RIVERSTONE brand.  
5 What is the vision of this letter? It's not limited  
6 to the territory of the United States. I have shown  
7 here in English the terms where reference is made.  
8 It's not only limited to the United States, as it says  
9 here.

10           And what about the demand or intimidation  
11 letter of this letter? The Court--the Letter says  
12 it's acting at its own peril. So, when we take this  
13 into account, and also we take into account the fact  
14 that Muresa had knowledge of the Letter. Well, it's  
15 not why it had knowledge of it. Well, it makes  
16 reference to its own brand, RIVERSTONE. It also makes  
17 reference to a claim started against L.V., but also it  
18 makes reference to the RIVERSTONE mark. Muresa  
19 authorized L.V. to register RIVERSTONE as a brand and  
20 also to commercialize it. That for Muresa to have

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<sup>14</sup> The correct Spanish-language version of the answer uses the term "objeto." The correct translation in this context would be "subject matter."

1 knowledge of this: that's normal.

2           The fact that the Letter is dated 2003 makes  
3 me wonder when did Muresa gain knowledge of this  
4 letter. Well, right after L.V. received the letter,  
5 which is before the opposition claim was brought in  
6 Panama.

7           So, the fact that Muresa decided to stop  
8 manufacturing the product or stop placing the product  
9 or to promote the commercialization of other marks  
10 that it was already commercializing; that's fine. But  
11 then it increased the promotion of the other  
12 trademark. Why? Because there was a risk of it being  
13 seized. Why? Because that had happened in other  
14 countries.

15           This is not something that they said: "Well,  
16 is this possible? Can this happen?" No, this  
17 happened in the past. This was a claim brought  
18 against the subject matter of this trademark  
19 RIVERSTONE. And also, some actions had been brought,  
20 taken into account the subject matter of this issue,  
21 which is the RIVERSTONE brand. And also they had been  
22 asked to stop manufacturing the product. Was there a

1 risk or not? Yes, there was.

2           Now, on the basis of Panamanian Law, there  
3 were doubts, however, and Mr. Molino called this into  
4 question as to whether precautionary measures could  
5 have been taken or not. He relies on the fact that  
6 this is not expressly provided in Law 35. Law 35 was  
7 the law that was current at the time the opposition  
8 claim was brought in Panama. This is partially true.  
9 It is true that Law 35 does not expressly provide a  
10 provision that says: "In opposition to the  
11 registration or the cancellation of trademarks, you  
12 may start precautionary measures, seizures, and  
13 preservation measures, et cetera." That's not what  
14 Law 35 says, but when Law 35 regulates procedures on  
15 IP, it says what it says here: "In connection with  
16 any item not provided for in the proceeding set forth  
17 in this title, the provisions of the Judicial Code  
18 shall apply." Then Mr. Molino in his Report – and  
19 here is his quote – makes reference and recognizes  
20 that, indeed, Law 35 does not contain special  
21 provisions; therefore, it is necessary to use



1 "suppletorily"<sup>15</sup> (phonetic) the provisions of the  
2 Judicial Code. It's not that the law prohibits this.  
3 No. Law 35 does not expressly provide that in the  
4 procedure for opposition claims.

5           So, I need to resort to the provisions of the  
6 Judicial Code, and here I find an article, Article 558  
7 of the Judicial Code that was current in Panama until  
8 2013. So, with this Article, Bridgestone could start  
9 a claim against Muresa with a precautionary measure  
10 for preservation purposes. Could they have done that?  
11 Yes. The article was broad enough, and it says the  
12 following: "Apart from the regulated cases, the  
13 person that has the justified reason to fear that,  
14 during the period before the judicial recognition of  
15 its right, the person is going to suffer immediate or  
16 irreparable danger. The person can ask the Judge to  
17 issue conservatory or protection measures that are the  
18 most adequate to provisionally ensure the effects of  
19 the decision on the merits." And then the Article

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<sup>15</sup> The correct Spanish-language version of the answer uses the term "supletoria." The correct translation in this context would be "suppletory" or "supplementary."

1 goes on as to how all this is processed.

2           But this Article is broad enough, and it  
3 takes into account a precautionary measure, and this  
4 was current until 2013. The fear that Muresa had was  
5 justified. Also within the Judicial Code, there is  
6 another legal provision. This is called "suspension  
7 as a precautionary measure." And this is still been  
8 current. It's been current since 2013; when the other  
9 article was repealed, the precautionary measure of  
10 suspension is still current today. It says "the  
11 claimant or the person seeking to bring a claim may  
12 ask the judge to order the respondent to suspend any  
13 transaction, negotiation, novation, transformation,  
14 operation or work related to the property subject  
15 matter of the claim that may harm claimant's right."  
16 And then the article says that the judge shall issue  
17 its decision without any need to listening to the  
18 opposing party. So in 2013, there was a risk for  
19 Muresa to be the subject matter of these things.  
20 Okay. Remember that these provisions are the  
21 provisions of the Judicial Code that are suppletory in  
22 nature.

1           Now, we have another precautionary measure  
2 which is seizure. This is also something that could  
3 have been brought against Muresa, taking into account  
4 the fact that the subject matter of the letter is the  
5 RIVERSTONE mark.

6           So, was Muresa's reaction justified? Could  
7 actions be brought against Muresa? Yes. Muresa's  
8 reaction was not exaggerated. It is not true that  
9 there was no legal provision supporting the  
10 possibility of any of these precautionary measures to  
11 be brought: Suspension, seizure, et cetera--because  
12 those provisions were current, at least three of them  
13 were current.

14           Also, there is a lack of evidence in the  
15 opposition claim. This is something else that needs  
16 to be looked at. It is important to cite to you from  
17 Mr. Molino's report the fact that he indicated that it  
18 is necessary to examine in opposition claims the  
19 provisions of Law 35. Molino says that the person  
20 bringing the claim of opposition has to prove that it  
21 has used the brand beforehand, and they have to show  
22 that there are similarities or the same identity, and

1 also the possibility of creating confusion amongst the  
2 users. And Molino recognizes that this is a reality  
3 in Panama. Our law, our Industrial Property Law,  
4 clearly establishes that claims may be brought against  
5 trademarks that are similar or the same, that an  
6 opposition claim may be brought, and he recognized  
7 that opposition claims are brought, but when you are  
8 basing your opposition claim on the similarity of  
9 trademarks – and this is what Bridgestone said against  
10 Muresa, not only in Panama but also in the United  
11 States; in the United States, they based their claim  
12 on the similarity of the brand. In those cases, you  
13 have to prove not only the similarity, but also like  
14 Mr. Molino is saying, the possibility of creating  
15 confusion amongst the users.

16           It is true that evidence was submitted. He  
17 says that there are 200 pieces of documentary  
18 evidence. But if you look at each one of those pieces  
19 of evidence that was submitted, at the end, the  
20 conclusion necessarily is that the existence of  
21 registrations of BRIDGESTONE and FIRESTONE was proven,  
22 and also of BRIDGESTONE and FIRESTONE, that the

1 publicity of products of the BRIDGESTONE and FIRESTONE  
2 brands around the world, and also one has to show what  
3 the BRIDGESTONE and FIRESTONE trademarks are and what  
4 they consist of, this in connection with the history  
5 of the company, but this does not show the broad  
6 dissemination that the brands have amongst the  
7 consumers.<sup>16</sup> Edwin Molino, in his report, recognized  
8 that the Eighth Civil Court did not make specific  
9 reference to the notoriety of these trademarks. Now  
10 he said that he wanted to correct himself, that  
11 reference was made by the Court, but he did not  
12 establish grounds for this change of heart.

13           But, if you look at the portion of the  
14 Judgment talking about notoriety, the only section  
15 where you're going to find this is when the Judge  
16 talks about publicity in the United States and  
17 registrations and the judge says that this leads the  
18 Court to think that this is a notorious brand. But

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<sup>16</sup> The Spanish-language version of this sentence states “[p]ero si usted revisa cada una de esas pruebas que fueron presentadas, al final la conclusión necesariamente es que fue probado la existencia de registros de la marca Bridgestone y Firestone en Panamá y en otros países, que fue probada la publicidad de los productos Bridgestone y Firestone alrededor del mundo. Se aportaron veintidós pruebas en relación con anuncios publicitarios en Panamá de la marca. Y demostrar cómo son y en qué consisten las marcas Bridgestone y Firestone, y a través de la información de la página de Internet de Bridgestone y Firestone, lo que es la historia de la compañía. Pero eso no demuestra la amplia difusión y el amplio conocimiento del consumidor.” See Spanish Transcript for Day 3 at 383:5-19.

1 according to the position of the Court in Panama and  
2 the Panamanian legislation, fame and notoriety has to  
3 be shown that it exists in Panama. Panama does not  
4 recognize notoriety and fame of the brand outside of  
5 Panama. Perhaps McDonald's may be famous, but you  
6 have to show that in Panama that brand, McDonald's, is  
7 famous or is notorious.

8           The most important thing for me is not what  
9 Mr. Molino said today: that what really matters is  
10 who recorded the trademark first, and who used the  
11 trademark. No; what matters is whether you showed  
12 whether there was a similarity or risk of confusion,  
13 and that was not shown.

14           How could you have shown this? Well, the  
15 trademarks were being traded, and the expert witness  
16 has said that it is habitual for opposition claims to  
17 be brought against brands that are traded, but you had  
18 to show evidence, for example, testimony of the  
19 sellers, testimony of consumers, market studies that  
20 could show that, and also the concept of notoriety,  
21 for example, volume of sales in Panama, known of the  
22 brand in Panama, for example, events in Panama, for

1 example, Formula One events, but this does not mean  
2 that the brand is going to be notorious or famous in  
3 Panama. Perhaps it was disseminated and known outside  
4 of Panama, but you had to show that the trademark was  
5 notorious in Panama, and there is no evidence in the  
6 file that shows this.

7           There is evidence that comes not from Panama  
8 but events from Argentina and Mexico, so the reasoning  
9 of the judgment was good, this in connection with  
10 opposition claims in the sense that the Court  
11 recognized that there are similarities, but this does  
12 not entail a similarity that brings about confusion.  
13 Here, we have elements in connection with Riverstone  
14 that separate Riverstone from Bridgestone and  
15 Firestone, and these trademarks have coexisted in the  
16 market.

17           So, the Court is saying that if that risk of  
18 confusion existed, you should have given evidence to  
19 me about it, but you did not show that to me. That's  
20 what the Court said.

21           That is very important to underscore one  
22 aspect: The Judgment by the Court by the Eighth Civil

1 Court that establishes that it is necessary to provide  
2 evidence in connection with the similarity and risk of  
3 confusion. That has not changed. That's what the law  
4 established.

5           And the Cassation Judgment has had absolutely  
6 no impact in connection with intellectual-property  
7 decisions. The same thing still stands. Before,  
8 after and during the cassation claim, you have to  
9 prove that there is a risk of confusion. That's not  
10 what I say. This is what the Report by Audrey  
11 Williams states in the First Report. She says that  
12 you have to prove that risk of confusion to be  
13 successful in an opposition claim.

14           The last issue I wanted to deal with has to  
15 do with the impact of case law, legal-scholastic  
16 opinion, and recklessness.<sup>17</sup>

17           It is very important to say again that, in  
18 Panama, there is no system of precedents. There is no  
19 stare decisis in Panama. Each case in Panama is based

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<sup>17</sup> The correct Spanish-language version of the answer states: "El último aspecto para tratar es el impacto de la doctrina, la jurisprudencia y el argumento de temeridad."



1 on legislation but above all is based on the evidence  
2 that you are able to provide and prove in your case  
3 file. This idea of probable legal-scholastic  
4 opinion,<sup>18</sup> well, that's what the cassation courts have  
5 said.

6 Mr. Molino – and I was surprised by this –  
7 says that this judgment has been appealed by  
8 Bridgestone counsel, and respondent's counsel did not  
9 submit an appeal. That is why he says that they agree  
10 with the totality of the Judgment that is presumed, he  
11 says: the fact that Bridgestone abandoned the  
12 appeal, he says, that means that Bridgestone agreed  
13 with the entirety of the Judgment because it  
14 recognized that it did not approve the essential facts  
15 in the proceedings; that is to say, similarity and  
16 risk of confusion.

17 The argument of recklessness that was used in  
18 these proceedings: that is not true. This was not  
19 proven in Mr. Molino's Report, but he went ahead and  
20 said that it's impossible to say that a civil

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<sup>18</sup> The correct Spanish-language version of the answer uses the word: "doctrina doctrine." Thus, the correct translation is "probable doctrine."

1 liability tort procedure is going to be cited in an  
2 opposition claim. Why? These are two very, very  
3 different proceedings. This is not true. The  
4 Judgment was not supported in the letter,<sup>19</sup> and the  
5 Cassation Judgment is based on a number of facts that  
6 were the ones analyzed by the Supreme Court of Justice  
7 to determine the civil liability, tort liability of  
8 the party.

9           And also, the most important thing is the  
10 Cassation Judgment does not have any impact.

11           Now, for us to believe that a judgment of the  
12 Supreme Court of Justice handed down in 2014 has an  
13 impact outside of the territory of Panama – not in  
14 Panama, but outside of Panama – that's an  
15 exaggeration, and that is why I think that my  
16 conclusion is that the opposition claim does not have  
17 an obligatory binding character in Panama. And, of  
18 course, it doesn't have it overseas. The reaction of  
19 Muresa vis-à-vis the Letter was not an irrational

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<sup>19</sup> The correct Spanish-language version of the answer states: "El fallo únicamente no estuvo sustentado en la oposición de la Corte Suprema de Justicia, me refiero, ni tampoco únicamente en la carta."

1 reaction. The Letter was justified because they had  
2 knowledge of the Letter of 3rd November 2004, and the  
3 opposition claim started in Panama in 2005. There was  
4 a risk that precautionary measures may be brought  
5 against the RIVERSTONE mark in Panama, the subject  
6 matter of this letter. And, in Panama, the right to a  
7 trademark is based on the use of the trademark. That  
8 is what you obtained, the use of the trademark is what  
9 you obtained when you had registration.

10 Thank you.

11 PRESIDENT PHILLIPS: Very good timing, if I  
12 may say so.

13 MS. KEPCHAR:

14 CROSS-EXAMINATION

15 BY MS. KEPCHAR:

16 Q. Good morning, Ms. Lasso de la Vega.

17 A. Good morning.

18 MS. GEHRING FLORES: May we take down the  
19 podium?

20 PRESIDENT PHILLIPS: Would you prefer to sit  
21 down?

22 THE WITNESS: Yes.

1 MS. GEHRING FLORES: That is what I was going  
2 to suggest.

3 (Pause.)

4 BY MS. KEPCHAR:

5 Q. Ms. Lasso de la Vega, you noted that you're  
6 President of the Panamanian Association of  
7 Intellectual Property Law, correct?

8 A. That's correct.

9 Q. And you also teach intellectual-property law,  
10 correct?

11 A. Correct.

12 Q. Do you teach trademark law?

13 A. Yes. At the university--at the Catholic  
14 University Santa Maria Antigua, that chair was offered  
15 for intellectual property where we teach copyright,  
16 trademarks, intellectual property.

17 Q. Very good.

18 So, in front of you, Ms. Lasso de la Vega, we  
19 have a binder of documents, and I would refer you to  
20 Tab Number 2. That document is entitled "Second  
21 Expert Report by Marissa Lasso de la Vega Ferrari,"  
22 correct?

1           A.     That is correct.

2           Q.     Would you please turn to Page 26, Paragraphs  
3 47 through 49.

4           A.     I've got it.

5           Q.     Very good.

6                     In Paragraph 47, you state: "Expert Molino  
7 asked me to indicate to which cases I referred to in  
8 my First Expert Report about the Opposition  
9 Proceedings in Panama where the plaintiff was ordered  
10 to pay costs and damages."

11                    Do you see that?

12           A.     Yes, that is the first line.

13                    MS. GEHRING FLORES: Is the Spanish version  
14 of her Report in there?

15                    MS. KEPCHAR: Yes, it is.

16                    MS. GEHRING FLORES: Okay. And are you  
17 looking at that version?

18                    THE WITNESS: I'm looking at the Spanish  
19 version.

20                    I'm looking at Page 29.

21                    BY MS. KEPCHAR:

22           Q.     Very good, but Paragraphs 47 through 49, yes?

1 Could you say your answer for the record?

2 A. Yes. Paragraph 47 is the one that you just  
3 read to me.

4 Q. And in Paragraphs 48 and 49, you offer two  
5 cases as examples of Opposition Proceedings in Panama  
6 where the plaintiff was ordered to pay costs and  
7 damages, correct?

8 A. At Paragraph 48, I mentioned a decision  
9 against the company Leños & Carbon. This was an  
10 opposition complaint where this Company had to pay due  
11 to the damages cost, and as basis for the liquidation  
12 of that Decision in abstract was the price in  
13 royalties that the Party in charge of the breach would  
14 have paid the owner of the right, and also they had to  
15 pay the costs of an abstract amount, and then there  
16 was an amount in the Second Instance that was ordered  
17 to pay, and that is the reference that I made to in  
18 Paragraph 48.

19 Q. Would you turn to Tab 9 of your Report, and  
20 that is Document Exhibit No. R-0190.

21 This is a copy of the "Leños & Carbon" case  
22 that you referenced in your Report at Paragraph 48?

1           A.     That's correct. I see an English and a  
2 Spanish version.

3           Q.     Perfect.

4                     And at the top of that decision there is a  
5 docket number, entry No. 164-SA2007.

6                     Do you see that?

7           A.     Yes.

8           Q.     And the line below that says "proceeding of  
9 improper use of commercial name of the brand LEÑOS Y  
10 CARBON Y DISEÑO."

11                    Do you see that?

12          A.     Correct.

13          Q.     Proceeding of improper use of commercial name  
14 of the brand is not an Opposition Proceeding, is it?

15          A.     No, it is not. It is the proceeding for the  
16 incorrect use or for the improper use is one thing,  
17 and the improper proceeding is a different thing, but  
18 the legal grounds in a proceeding of improper use and  
19 in a proceeding for opposition is exactly the same.  
20 In this case, it was the existence of the similarity  
21 and the risk of confusion between both names.

22          Q.     So, you're saying this case is not an

1 Opposition Proceeding case, although it did award  
2 damages, correct?

3 A. It was not only an award for cost, but I  
4 think that it is important--and this was important for  
5 the expert for me to show whether there was also an  
6 award for damages, and that is the process. I am  
7 showing that, in the area of intellectual property,  
8 trademark patents there had been cases in which a  
9 decision was made to compensate for damages.

10 Now, as to costs, that is not a compensation  
11 for damages, those are two different things.

12 Q. But Ms. Lasso de la Vega, in Paragraph 47 of  
13 your Report you say that this case is an Opposition  
14 Proceeding that ordered costs.

15 A. Because the process, if you read the full  
16 case, you're going to see that the grounds for the  
17 process for the proceeding was the registration of the  
18 trademark LEÑOS & CARBON, and that was the action  
19 brought forward on the Registry of that brand, so it  
20 was a proceeding that had the purpose, the trademark  
21 LEÑOS & CARBON, and a decision was made to award costs  
22 and damages.



1 Q. Fine. But this action in R-0190 was not the  
2 same type of proceeding as the opposition against  
3 Riverstone that's the subject of this case, correct?

4 A. Yes, but if we read my First Expert Report, I  
5 am saying that it is feasible to initiate an action,  
6 to initiate--I'm saying it is possible to decide the  
7 payment of costs and damages as part of the  
8 proceedings.

9 And this is what led Mr. Molino to ask me and  
10 say that I had not cited any cases, and I was asked to  
11 introduce a case or to present a case.

12 Q. That's fine.

13 If you turn to Tab 10, this is R-0189. This  
14 is a copy of the other case that you reference in  
15 Paragraph 49 of your Second Report, correct?

16 A. (In English) Yes.

17 Q. And the caption of this case also notes that  
18 this is a case for process for improper use, correct?

19 A. Yes.

20 And it is also a case for damages.

21 Q. Correct.

22 So, again, this proceeding of the Decision of

1 R-0189 is not an Opposition Proceeding, is it?

2 A. No. As a matter of fact, this is another  
3 example that refers to slogan, as we know it, and this  
4 is another example where costs were awarded due to  
5 damages. That is what I was trying to prove. It was  
6 not a novelty in Panama to talk about an award for  
7 damages in a case of intellectual property in Panama.

8 MS. KEPCHAR: For the record, in the index,  
9 Tabs 9 and 10 are referenced as C-0190 and C-189  
10 respectively.

11 Oh, you changed?

12 I'm sorry, we corrected it today in advance.  
13 Apologies.

14 BY MS. KEPCHAR:

15 Q. You said in your presentation 717 Lines 8 and  
16 nine, Muresa had knowledge of this letter, referring  
17 to the Foley letter. Do you recall that?

18 A. In my presentation just a minute ago?

19 Q. Yes.

20 A. Oh.

21 Q. Do you recall that testimony? It's not in  
22 your presentation.

1           A.    Ah, okay. That is correct. Yes. It was it  
2 should have been assumed they would have known of that  
3 letter. That letter of 2003 refers to a brand, the  
4 RIVERSTONE brand, and the Opposition Proceeding in  
5 Panama was in 2004.

6           Q.    My question is: Did you review the record of  
7 the opposition?

8           A.    Yes.

9           Q.    Did you review the full record of the damages  
10 case?

11          A.    Are you talking--yes, I did review the one  
12 for the Supreme Court. As for the opposition claim,  
13 had a decision that was not appealed and all of this  
14 alternate process that started with the Eleventh court  
15 and the various steps until it got to the Supreme  
16 Court of Justice? The answer is "yes."

17          Q.    In that record there was no evidence of when  
18 Muresa became aware, if they did, of the Foley letter,  
19 is there?

20          A.    No, but once again, the letter refers to the  
21 RIVERSTONE brands that owned by Muresa L.V. It was  
22 the subject of an Opposition Proceeding of Riverstone

1 in the U.S., and L.V. had a registration application  
2 that was related to Muresa.

3           Therefore, in my opinion, in my  
4 interpretation, is that it doesn't seem that Muresa  
5 would not know of this letter. The concept that is  
6 important to me is what is the object of the letter.  
7 That was the RIVERSTONE brand, and it was important  
8 then, to know what is going on with your brand.

9           Even more so, if there had been other  
10 proceedings in other countries.

11           Q. Ms. Lasso de la Vega, you mentioned in your  
12 presentation Precautionary Measures with reference to  
13 the Judicial Code, correct?

14           A. That's correct.

15           Q. There are provisions in Law 35, however, that  
16 also deal with Precautionary Measures, correct?

17           A. No. That is an important aspect. Article 35  
18 does not provide for all possibilities, and there is a  
19 large number of situations--procedural situations--  
20 that are not reflected in the law, in Law 35, but  
21 Law 35 does provide for the Judicial Code as to  
22 whatever is not included in terms of procedures should

1 be a supplementary law.

2           And I also referred to the possibility of  
3 initiating measures, initiating actions because of the  
4 Precautionary Measures based on the Judicial Code as a  
5 supplementary law.

6           Q.    Could you please turn to Tab 3 in the binder?

7           MS. KEPCHAR:   This is a copy of Law  
8 Number 35.   It's marked R-0026.

9           BY MS. KEPCHAR:

10          Q.    Would you please turn to Page 31,  
11 Section 171.

12                  Do you see that section?

13          A.    I see the Article.   I am reading it in  
14 Spanish, that I see it here at the same tab.

15          Q.    The first--I'm sorry, the page number may be  
16 different, but it's Section 171.   Perfect.

17                  So, the first line of Section 171 says:   "Any  
18 person who initiates an action for infringement of  
19 Industrial Property rights protected under this law  
20 may request the Court to order immediate Precautionary  
21 Measures with the view to ensuring the effectiveness  
22 of the action or compensation for damages,"   correct?

1 A. So far, that is correct.

2 Q. So, Section 171 does provide for  
3 Precautionary Measures, you would agree?

4 A. Yes, in connection with the chapter on  
5 improper use of property rights.

6 Q. Which is not an Opposition Proceeding,  
7 correct?

8 A. The Opposition Proceeding and the improper  
9 use has one difference. What you're trying to obtain  
10 is an order from a tribunal to suspend the use of a  
11 trademark. But in an Opposition Proceeding, you're  
12 asking the Tribunal or the Court not to register a  
13 trademark.

14 Q. So, they're fundamentally different  
15 procedures under Panamanian Law, correct?

16 A. They are not fundamental differences, but they  
17 are two different requests.<sup>20</sup> If you would like to  
18 request for a use of a brand trademark to be  
19 suspended, then you request--have you a proceeding for  
20 improper use. But if you want to prevent registration

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<sup>20</sup> The Spanish-language version of this sentence states "[n]o es que hay diferencias fundamentales. Es--son dos causas de pedir." See Spanish Transcript for Day 3 at 402:13-14.

1 of a trademark, then you have an Opposition  
2 Proceeding.

3 Q. Did the Bridgestone Parties ever pursue an  
4 action to enjoin use of RIVERSTONE in Panama?

5 A. It is not on the record that they pursued  
6 this action, but they could have done it at any time  
7 because the only requirement to initiate to pursue an  
8 action to suspend the use of a trademark as part of an  
9 improper use proceeding was to have a registered  
10 RIVERSTONE, and Bridgestone proffered they did  
11 register the brand.

12 Q. I refer you to the following section,  
13 Section 172. This section also deals with  
14 Precautionary Measures, correct?

15 A. Yes, the acts that may be ordered by a judge,  
16 this is Section 172, yes, correct.

17 Q. 1 of the Precautionary Measures listed here  
18 relates to the Colón Free Trade Zone, correct?

19 A. Among others, the following could be ordered,  
20 and at Number 5 we have suspension of the operating  
21 license granted by the administrative authorities of  
22 the Colón Free Trade Zone or other Free Zone or

1 re-export zone in Panama for the exportation--for  
2 exports in Panama, it says the suspension shall be  
3 lifted on provision of lifting of a bank guarantee, et  
4 cetera. That provision applies specifically when a  
5 company has a permit to operate in Colón Free Trade  
6 Zone or other Free Zone or re-export zone in Panama.

7 Q. Section 172.6 would allow a trademark owner  
8 to obtain as a provisional measure a seizure of  
9 infringing goods that is awaiting customs clearance in  
10 the Colón Free Trade Zone, correct?

11 A. The sub paragraph six says that they may  
12 order retention or sequestration by the competent  
13 Customs Authorities of the merchandise or material  
14 constituting the infringement that is awaiting customs  
15 clearance or is in transit anywhere on the national  
16 territory. This is not limited to being or not in the  
17 Free Zone. This is merchandise that is in transit in  
18 the Panamanian territory, in the Free Zones, that  
19 could be subject to retention or sequestration in case  
20 of infringement.

21 Q. Okay. And referring quickly to Section 165,  
22 this, section provides for particular fines when there



1 is a violation of Section 164, which is a trademark  
2 violation, occurs in the Colón Free Trade Zone or  
3 other Free Trade Zone or re-export zone in Panama,  
4 correct?

5 A. Article 165 says that: "Without prejudice to  
6 the sanctions provided for in the Criminal Code, the  
7 Court shall impose all or any of the following  
8 sanctions on the person who commits any of the acts  
9 provided for in the or going article." That refers to  
10 the responsible parties. And it provides for the  
11 economic fines that could be levied, and it refers to  
12 10,000 or \$200,000, and then it--and then it says:  
13 "In the case of businesses that operate in the Colón  
14 Free Trade Zone or other Free Zone or re-export zone  
15 in Panama, the fine applicable should be equivalent to  
16 25 percent monthly turnover of the business," and  
17 that's what we have in the Colón Free Trade Zone, and  
18 once again we see the suspension of the right or  
19 cancellation of the plating license.

20 Q. So, action under Section 164 for improper use  
21 of a mark, a trademark, a trademark protected in  
22 Panama, could be enforced, could result in a business

1 in the Colón Free Trade Zone be enjoined from using  
2 the mark that's deemed to be infringing?

3 A. Just a second; I'm going to read your  
4 question. I want to make sure that I properly  
5 understood--that I understood your question properly.

6 Q. I can rephrase it.

7 A. I'm just reading it just to make sure--just  
8 to make sure that what I understood in Spanish was or  
9 if you would like to rephrase it is fine.

10 Q. I will rephrase it for you.

11 A. Okay.

12 Q. In a case for liability for improper use of a  
13 trademark under Section 164 can be brought to enjoin  
14 use of infringing mark on goods within the Colón Free  
15 Trade Zone. Is that correct?

16 A. If you bring a proceeding for a process for  
17 improper use to suspend the use of a trademark, let's  
18 say the infringing trademark, and this trademark is  
19 being marketed or is in transit in the Free Zone area  
20 of Colón Free Zone, you could request the Court to  
21 suspend the transit of that merchandise in the Colón  
22 Area if you prove that that trademark is registered

1 and it is an infringing FIRESTONE mark, and you could  
2 do so because this is established, and according to  
3 the law, you can do that in the Colón Free Trade Zone.

4 Q. And products that are deemed to be or to bear  
5 an infringing mark that are in the Colón Free Trade  
6 Zone can be seized under the provisions of Law 35,  
7 correct?

8 A. If you pursue the action and request the  
9 provisional measure to the court and you're initiating  
10 an action for improper use, and you're asking for  
11 suspension of transiting that merchandise in the Colón  
12 Area, you could do it as well as any other area of the  
13 Republic of Panama.

14 Q. Thank you.

15 MS. KEPCHAR: Mr. President, this is 1:00.  
16 This would be a good time, from my perspective, to  
17 pause.

18 PRESIDENT PHILLIPS: Very good. We will  
19 pause for an hour. And while we pause, please do not  
20 discuss this case with anyone.

21 (Whereupon, at 12:59 p.m., the Hearing was  
22 adjourned until 2:00 p.m., the same day.)

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AFTERNOON SESSION

PRESIDENT PHILLIPS: All right. Shall we resume?

MS. KEPCHAR: Mr. President, an issue on the Schedule. Ms. Jacobs-Meadway is scheduled for tomorrow morning, and Ms. Lasso de la Vega is the last witness on the Schedule for today. Ms. Jacobs-Meadway resides out of town, and she is set to come in for her hearing in the morning, but she will not be here today. I just wanted to let opposing counsel and the Panel know that.

PRESIDENT PHILLIPS: It seems you're promising us an early evening, is that right?

MS. KEPCHAR: Whatever I can do.

MS. GEHRING FLORES: I guess the Tribunal might recall that I did bring this up during the procedural conference call that we would like to know if witnesses were not going to be available on particular days.

I guess what is the suggestion, that--is the suggestion that after Ms. Lasso de la Vega we're going to call it a day?

1 MS. KEPCHAR: Well, Ms. Jacobs-Meadway is not  
2 here, so are you proposing something differently?

3 MS. GEHRING FLORES: I don't know if you  
4 wanted to proceed with Ms. Jacobson.

5 MS. KEPCHAR: I would be open to that.  
6 That's fine. We could do that.

7 MS. GEHRING FLORES: Just one moment.

8 (Pause.)

9 MS. GEHRING FLORES: I guess we would have  
10 wished that this would have been raised with us  
11 before. We're not quite certain why it hadn't been  
12 raised maybe today, this morning or even yesterday,  
13 last night when we could see how things were  
14 progressing.

15 If there is anything else of this matter, we  
16 would appreciate being told. It doesn't seem like we  
17 really have any other choice. It does seem like the  
18 result of this is that counsel will be squeezed more  
19 with respect to preparing for its closing statements,  
20 but so be it. We wish that weren't the case.

21 We are prepared for Ms. Jacobson to follow  
22 Ms. Lasso de la Vega, if you're prepared, but please,

1 we ask the courtesy that you tell us if a witness  
2 isn't available when you know that they're not going  
3 to be available. Presumably, they were supposed to be  
4 available a day before and a day after they were  
5 scheduled. So, if you could please provide us with  
6 that courtesy, we would appreciate it.

7 MS. KEPCHAR: Just to set the record  
8 straight, we did have a conference with Lord Phillips,  
9 Mr. President, to set the Schedule, and both sides did  
10 provide availability, and that's how the Schedule was  
11 set.

12 It's difficult, I'm sure you appreciate--I'm  
13 sure the panel appreciates--to predict the pace of  
14 this, and especially for out-of-town witnesses,  
15 although I do appreciate that Parties are coming from  
16 Panama. Ms. Jacobs-Meadway was not available today.  
17 She's available tomorrow. It's not a surprise, and if  
18 it's disruptive, we do apologize. We are prepared to  
19 go ahead with Ms. Jacobson today.

20 PRESIDENT PHILLIPS: Well, I think that's  
21 what we shall do, then.

22 I think the protest is well made. It would

1 have been better to have been forewarned a little  
2 earlier.

3 MS. GEHRING FLORES: And just one more point  
4 of order. We do reserve the right to recall  
5 Ms. Jacobson after Ms. Jacobs-Meadway simply because,  
6 normally, we would have the benefit of having  
7 Ms. Jacobson follow Ms. Jacobs-Meadway, and she would  
8 be responding to things that Ms. Jacobs-Meadway is  
9 saying in her testimony, so we reserve the right to  
10 recall Ms. Jacobson.

11 MS. KEPCHAR: Mr. President, again, we agreed  
12 to the order. I'm fine with doing Ms. Jacobson today  
13 and continue on with that, which is out of order, but  
14 to utilize fully the time before the Panel, we would  
15 do that. I don't agree with the proposal that they  
16 would be able to recall Ms. Jacobson after  
17 Ms. Jacobs-Meadway.

18 PRESIDENT PHILLIPS: We'll cross that bridge  
19 when we come to it. You reserve the right to make an  
20 application, if so advised, and we will then consider  
21 the application.

22 MS. GEHRING FLORES: Thank you,

1 Mr. President.

2 CONTINUED CROSS-EXAMINATION

3 BY MS. KEPCHAR:

4 Q. Ms. Lasso de la Vega, in your presentation,  
5 you mentioned the Foley letter. Do you recall that?

6 A. Yes, correct.

7 Q. The Foley letter was sent in the U.S. by BFS  
8 Brands to a U.S. attorney for L.V. International,  
9 correct?

10 A. The letter is addressed to Sanchelima &  
11 Associates, and the subject line it says: "BFS Brands,  
12 LLC. L.V. International Inc.," and then it says "(TM:  
13 Riverstone)," and then it says "Dear Mr. Sanchelima."

14 Q. So, you agree with me it was sent by an  
15 attorney for a U.S. company to a U.S. attorney,  
16 correct?

17 A. That's correct, yes. That was sent by a law  
18 firm from the United States to another law firm also  
19 in the United States.

20 Q. The Supreme Court found this Foley letter to  
21 be part of the case of recklessness and found that it  
22 supported a finding that Bridgestone Licensing



1 Services was liable under Panamanian Law. Is that  
2 correct?

3 A. The Supreme Court of Justice, as I read the  
4 Cassation Judgment and all of the other information  
5 considered by the Supreme Court, and that is why I  
6 drew a conclusion, not only relied on this letter to  
7 establish that there was a claim for damages. It  
8 considered a number of facts, amongst which the letter  
9 was considered because the letter referred to the  
10 subject matter of the Claim, and it says here that the  
11 subject is the trademark RIVERSTONE.

12 Q. So, would you agree that, even though the  
13 letter was sent by a U.S. company's attorney to a U.S.  
14 attorney with the caption, "to a U.S. Opposition  
15 Proceeding," that the Supreme Court should have done a  
16 conflict-of-laws analysis, but did not?

17 A. I do not agree with that.

18 You're asking whether the Supreme Court of  
19 Justice should have conducted a conflicts-of-law  
20 analysis? I disagree with that.

21 Q. Then on what basis did the Supreme Court  
22 apply Panamanian Law rather than, say, U.S. law in

1 assessing the sending of that Foley letter?

2 A. Because I think that, in this case, this was  
3 not about U.S. legislation. This was a cassation in  
4 Panama where the Claimant in the cassation action was  
5 doing everything under Panamanian Law, although these  
6 proceedings were under Panamanian Law, so there was no  
7 conflict of laws, vis-à-vis American legislation is  
8 not that Muresa used this letter in a proceeding in  
9 the United States. The opposite was true. This  
10 letter was within a set of documents that the Court  
11 had access to, and on the basis of this and on the  
12 basis of other conservations, the Court issued its  
13 Judgment.

14 MS. GEHRING FLORES: I just want to note for  
15 the record that counsel for Bridgestone had an  
16 opportunity to question two preeminent experts on  
17 civil procedure in Panama yesterday, and the day  
18 before perhaps or yesterday. Ms. Lasso de la Vega is  
19 offered as an expert in Panamanian trademark law. I  
20 have no doubt that she has quite a bit of experience  
21 in Panamanian civil procedure, but she's an expert in  
22 Panamanian trademark law. You already asked many

1 questions of former Justice Lee yesterday on  
2 Panamanian civil procedure like this one, so I'm not  
3 exactly sure where this is going with this Witness,  
4 and this Witness wasn't offered for this purpose.

5 MS. KEPCHAR: Ms. Lasso de la Vega referred  
6 to the Letter extensively in her presentation, and  
7 that's the basis for the questioning.

8 MS. GEHRING FLORES: She referred to the  
9 Letter. She's not referring to Panamanian civil  
10 procedure on the letter. She's not referring to  
11 conflicts of laws on the Letter, either. I believe  
12 that this line of questioning is inappropriate for  
13 this Witness.

14 BY MS. KEPCHAR:

15 Q. Do you agree with your counsel, Ms. Lasso de  
16 la Vega?

17 MS. GEHRING FLORES: I don't think that's an  
18 appropriate question to my expert.

19 I've made an objection.

20 PRESIDENT PHILLIPS: If you have any  
21 difficulty in answering these questions on the basis  
22 that this is not your part of the ship, please make

1 that plain.

2 THE WITNESS: It is true that my experience  
3 and my knowledge has to do with intellectual property,  
4 truth be told. My opinion and my presentation had to  
5 do with IP issues. This is different from Mr. Molino.  
6 Mr. Molino said that his experience in constitutional  
7 law and in procedural law, but my experience,  
8 98 percent of what I do has to do with IP.

9 BY MS. KEPCHAR:

10 Q. So, just to confirm, then, Ms. Lasso de la  
11 Vega, your opinions in this matter do not extend to  
12 any point of procedural law in Panama?

13 A. My opinion refers to Panamanian Law in the  
14 field of intellectual property, and how the full  
15 process took place starting with Riverstone and the  
16 opposition claim until the Supreme Court judgment was  
17 issued on damages.

18 One of the elements that was there  
19 tangentially was the issue having to do with the  
20 opposition claim.

21 Q. But doesn't your Expert Reports refer to the  
22 propriety of admissibility of the Foley letter?

1           A.     Where exactly are you making reference to  
2 this?

3           Q.     Is it your opinion that the Foley letter was  
4 properly considered in the damages case?

5           A.     In the cassation action--well, you're asking  
6 if the letter was correctly weighed by the Court?

7           Q.     First question is: Should it have been  
8 considered at all?

9           A.     It was considered. That's a fact. The  
10 Judgment was issued, and it considered, amongst other  
11 elements, this document.

12          Q.     So, you have no opinion about the legality of  
13 the court's consideration of the Foley letter under  
14 Panamanian Law?

15          A.     I think that the issue of the legality of the  
16 letter--well, the matter was discussed at length  
17 yesterday in the examination of the Experts that have  
18 talked about that.

19          Q.     Do you have an opinion on the legality of the  
20 consideration of the Foley letter under Panamanian  
21 Law?

22          A.     My opinion, as I indicated, in my opinion and

1 in connection with the reaction that Muresa had in  
2 relation with the letter is that the letter,  
3 regardless of where it was signed or where it was sent  
4 and what it contained and who it was addressed to, the  
5 letter referred to the intangible asset property of  
6 Muresa's, so the letter was, indeed, important.

7 Q. But that wasn't my question, Ms. Lasso de la  
8 Vega. Do you have an opinion on whether it was proper  
9 and legal under Panamanian Law for the Court to  
10 consider and admit into the evidence the Foley letter?

11 A. Yes. I agree with the opinion of the Supreme  
12 Court of Justice that it considered the Foley letter.

13 PRESIDENT PHILLIPS: I'm not sure that this  
14 Witness is going to assist the Tribunal very much in  
15 relation to this issue.

16 MS. KEPCHAR: Very good, Mr. President.

17 BY MS. KEPCHAR:

18 Q. If you would turn, Ms. Lasso de la Vega, to  
19 your First Report--that's Tab 1--Page 10,  
20 Paragraph 27.

21 You say in Paragraph 27: "Therefore, from  
22 reading the file"--I assume that's the file of the

1 case, of the opposition--"it is clear that neither  
2 Bridgestone Corporation nor Bridgestone Licensing  
3 Services, Inc. contributed evidence to demonstrate the  
4 following facts stated in their claim," and then you  
5 list the facts that you say there is no evidence  
6 supporting. Is that correct?

7 A. No, these are not the facts in my opinion.  
8 Each of these facts correspond to a fact in the  
9 opposition claim.

10 If you look at 54, you're going to see the  
11 opposition claim by Bridgestone, and this is due with  
12 Facts No.9, et cetera.<sup>21</sup> This is not my opinion.  
13 These are the facts included in the two opposition  
14 claims that were submitted separately. Those relied  
15 on these events.

16 And so, if you look at No. 5, it said--and  
17 I'm assuming that we can look at the Claim for  
18 that--it says these are notorious brands.

19 (Pause.)

20 A. So, the brand says Bridgestone, BRIDGESTONE Y

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<sup>21</sup> The Spanish-language version of this sentence says "[s]i ve, tiene un pie de página número 54, Demanda de oposición Bridgestone, es el hecho quinto y noveno y así yo voy enunciando cada uno." See Spanish Transcript for Day 3 at 422:4-7.

1 DISEÑO, Firestone are to be classed as notorious  
2 trademarks, and this is Facts 5 and 9 of the  
3 opposition claims in each one of the cases.

4           And then if you look at (b), it says that  
5 this is a sign that brings about confusion with the  
6 trademarks BRIDGESTONE, BRIDGESTONE Y DISEÑO and  
7 FIRESTONE because they're conceptually similar,  
8 phonetically similar, and grammatically similar with  
9 Riverstone and Bridgestone or Riverstone and  
10 Firestone, which is Footnote 55 that relates to Fact  
11 Number 10 of the opposition claim that was submitted.

12           And then you have (c), the coincidence and  
13 the application of both signs because they're  
14 protecting identical products, and this makes it so  
15 that their existence in the market is susceptible to  
16 confusion or false associations amongst consumers, and  
17 this is Fact 10 of the Claim submitted. And then (d)  
18 says the similarities found--

19           Q. I'm sorry to interrupt, I think there was a  
20 misunderstanding about my question.

21           My question is: Is it your opinion--you say  
22 that it's clear that neither Bridgestone Corporation



1 nor Bridgestone Licensing Services, Inc. contributed  
2 evidence to demonstrate the following facts stated in  
3 their claim. My question is not about what is said in  
4 the Claim. My question is your opinion that there was  
5 no evidence submitted with respect to each of these  
6 points. Is that your opinion?

7 A. Yes, on the basis of the evidence that I  
8 looked at when I looked at the two hearing minutes,  
9 and I didn't see any piece of evidence that shows  
10 that, for example, (d) here--or rather (b) that it  
11 talks about confusion with the brands. There is no  
12 evidence showing that, and that is why the judgment  
13 has said so, that this was not proven.

14 Q. So, let us turn to your Second Report to that  
15 long list of evidence it looks like you compiled. Is  
16 that true, Ms. Lasso de la Vega, did you create this  
17 table on Page 10 and going forward?

18 A. In the Spanish version, this is Page 11.22?

19 Q. Did you create the table?

20 A. That is correct, with the--after reviewing  
21 the full file, and looking at all the evidence stated.

22 One thing is the minutes that state what the

1 Parties say, but then you had to look at the pieces of  
2 evidence that were contributed, and then you look at  
3 each piece of evidence. And that's how I classified  
4 them as to what is it that each of these pieces of  
5 evidence was actually showing. And out of that  
6 analysis, I said that there are records, and that was  
7 proven. It was proven also that the trademark was  
8 announced and fliers and also publicity in other  
9 countries, and also records in other countries but  
10 there is no piece of evidence that shows similarity or  
11 risk of confusion.

12           These were part of the allegations made by  
13 the Parties in both cases?

14       Q.    There is evidence of notoriety, though, isn't  
15 that correct?

16       A.    No. I have found no evidence of notoriety.  
17 However, this was not and still is not transcendental  
18 material, and this would have not changed in any way  
19 the Judgment on the opposition claim. It doesn't  
20 matter whether notoriety was established or not  
21 because the Claim essentially was based on the fact  
22 that it was said that there was a risk of similarity

1 and confusion between these two brands. If  
2 Bridgestone was saying essentially that there was a  
3 risk of confusion, that is what Bridgestone had to  
4 prove, and that is what the Tribunal confirmed, saying  
5 that there was not enough evidence to show that  
6 confusion.

7 Q. So, would you agree, Ms. Lasso de la Vega,  
8 that you disagree with the Opposition Court in their  
9 finding that the marks are notorious?

10 A. I don't think that the Tribunal determined  
11 that, and that is what I said in my presentation.  
12 When I read the Report by Mr. Molino, I agreed that he  
13 correctly stated that no acknowledgment under the  
14 notoriety of the trademarks had been made. I was  
15 surprised today when he modified his statement and  
16 said, "man, there was a mistake, and this should be  
17 this other thing," but he has not justified and stated  
18 the reasons why.

19 Q. Could you please turn to Tab 5, Paragraph 4  
20 of the Opposition Court's Decision.

21 Do you see that?

22 A. Paragraph 4 of the Judgment, where it

1 says--it is indicated that the Claimants are part of  
2 the same corporate group?

3 Q. No, at the end where it says "these  
4 circumstance makes them notorious trademarks."

5 (Overlapping speakers.)

6 A. You said Paragraph 4 of this judgment.

7 MS. GEHRING FLORES: Can you identify an  
8 exhibit number?

9 MS. KEPCHAR: Paragraph numbered 4.

10 SECRETARY TORRES: We have R-40 on Tab 5.

11 MS. GEHRING FLORES: Thank you.

12 THE WITNESS: Um-hmm.

13 (Pause.)

14 MS. KEPCHAR: Apologies for the delay.

15 (Pause.)

16 BY MS. KEPCHAR:

17 Q. Page 18.

18 Page 17, Ms. Lasso de la Vega.

19 Didn't the Opposition Court find that both  
20 the BRIDGESTONE and FIRESTONE marks were notorious?

21 It goes on from Page 17 to Page 18.

22 Actually, I will refer you to the top of the Page 18

1 in the Spanish version.

2 A. Is that the basis for the expert Edwin Molino  
3 to change his opinion, so as to say that the Judgment  
4 did recognize the notoriety of the marks? Is that  
5 what you're asking me?

6 Q. No, Ms. Lasso de la Vega, it says "this  
7 circumstances makes them notorious marks."

8 Didn't the Opposition Court find the  
9 BRIDGESTONE and FIRESTONE marks notorious?

10 A. Based on the line that you just read out to  
11 me? No. Because--

12 Q. Listen to me--

13 A. No, and I will explain why.

14 At this moment, what the Tribunal is doing is  
15 recounting the evidence in its analysis, and, when it  
16 refers to this, it is referring to those marks having  
17 been used intensively in the markets and in publicity  
18 have been registered for prolonged periods of time,  
19 including in our country, period, and this has allowed  
20 its wide dissemination that the consumers whom are  
21 intended to know them, period. This circumstance  
22 makes them "notorious trademarks." It's not that the

1 Court is saying that it makes them notorious in  
2 Panama. Rather, in this proceeding it has been proved  
3 that the mark is notorious.

4 Had that been the case, then in the solution  
5 to the Decision, or to the case, which is Page 21 of  
6 the text, where it says "resolution of the  
7 controversy," the Court would have made reference as  
8 it does having concluded weighing everything and  
9 referring to the similarities of the signs, and one of  
10 the paragraphs, and then it refers to the applicable  
11 rules of law, and it considers and the conclusion it  
12 reaches there is--and there's no further reference to  
13 the issue of "notoriety."

14 And if you do a search of the Judgment, the  
15 only time that the word "notorious" comes up is there.  
16 That is why I said in my presentation that fame and  
17 notoriety--I don't get into that assessment because in  
18 Panama it had to be proven, and, in Panama, in this  
19 Opposition Proceeding, neither fame nor notoriety were  
20 proven.

21 And so, in the judgment, as expert Edwin  
22 Molino correctly said in his First Report, that

1 conclusion is not reached. The Court in the  
2 proceeding does not conclude that the mark is  
3 notorious. It simply does not get into such a  
4 consideration, and properly so because there is no  
5 evidence. And if we go back to the chapter on the  
6 evidence, and obviously because of the time it's not  
7 justified, but if one looks one by one at each of the  
8 items of evidence, there is no evidentiary material  
9 that shows in Panama the BRIDGESTONE mark or the  
10 Firestone mark which is the one that is said to have  
11 been registered for more than 100 years is a notorious  
12 trademark in Panama. That is why the Court correctly  
13 did not get into that consideration, and much less in  
14 affirming that in Panama the Firestone mark, which is  
15 a hundred years old, or Bridgestone, which was  
16 registered subsequently, are famous or notorious  
17 brands or marks.

18 Q. The Opposition Court declined to award  
19 attorneys' fees to Muresa, correct?

20 A. That is correct, on the last page of the  
21 Judgment it says Bridgestone Corporation and  
22 Bridgestone Licensing Services are exonerated from

1 payment of costs.

2 Q. And they found that the Bridgestone Parties  
3 had acted in evident good faith, correct?

4 A. The cost award and the matter of good faith  
5 are issues that I think the Experts in procedural law  
6 have explained sufficiently well because they're  
7 experts in that area. But what I can talk to you  
8 about costs solely with respect to this proceeding,  
9 specifically what the Tribunal or the Court weighed  
10 was the procedural action by Bridgestone and Firestone  
11 to determine whether it did or did not merit a costs  
12 award. And from the analysis of the Court, it said  
13 that, in this case, it should be exonerated from  
14 costs.

15 That exoneration, in no way, should be  
16 interpreted as indicating that, in this case, the  
17 Court was making a statement that they had not caused  
18 any harm in the proceeding; in other words, the  
19 exoneration of the cost award does not, by any means,  
20 impede a separate claim for damages which I understand  
21 is what was done in this case.

22 Q. But the Opposition Court certainly didn't



1 think that the opposition was completely without merit  
2 or they would have ordered attorneys' fees, right?

3 A. It did not completely lack merit, right. I  
4 agree with you on that.

5 Q. Thank you.

6 MS. KEPCHAR: I have no further questions.

7 Thank you, Mr. President.

8 REDIRECT EXAMINATION

9 BY MS. GEHRING FLORES:

10 Q. Ms. Lasso de la Vega, I believe counsel for  
11 Bridgestone questioned you about Muresa's reaction,  
12 rational reaction or no, and the fact that there was  
13 no injunction or no court order it was facing, so I  
14 would like to turn you to, and I think--I will give  
15 you a copy of Exhibit C-19, which we will pass out.

16 (Pause.)

17 Q. Ms. Lasso de la Vega, do you recognize or do  
18 you know what this document is; could you tell me what  
19 it is?

20 A. Yes. C-0019 corresponds to the answer to the  
21 claim brought by Muresa Intertrade and Tire Group of  
22 Factories against Bridgestone Corporation, where they

1 distinguish it as an award plus costs in ordinary  
2 proceedings, but it is what gave rise to the tort  
3 claim for damages which was filed by Muresa and Tire  
4 Group against Bridgestone.

5 Q. This is a submission by--on behalf of  
6 Bridgestone; correct?

7 A. That is correct. This is the Answer to the  
8 Complaint by Bridgestone Corporation through its  
9 attorneys Benedetti & Benedetti.

10 Q. If you would to Page 4, where it says  
11 "Cuatro" at the top, and I believe for people who are  
12 following along in English, it just has the word  
13 "Four" at the top. This is at the top of Page 4 of 6.  
14 In English it starts: "The plaintiffs allege that the  
15 complaint filed."

16 Ms. Lasso de la Vega, could you please read  
17 that paragraph down to where -- maybe the middle --  
18 where it says "con dicha marca."

19 A. I will read it in the document in front of  
20 me, which is in Spanish.

21 "Fourth: The plaintiffs allege that the  
22 'complaint filed,' that is, the Opposition Complaint

1 filed by BRIDGESTONE CORPORATION against the  
2 Application for Registry of the trademark RIVERSTONE Y  
3 DISEÑO, was the factor or element causing its omission  
4 consisting of the alleged cessation of  
5 commercialization of products identified with the  
6 brand RIVERSTONE Y DISEÑO, given that they state that  
7 as a consequence of the Complaint filed, the  
8 plaintiffs stopped selling those products."

9 Shall I continue?

10 Q. One more sentence, please.

11 A. "This allegation lacks all legal grounds and  
12 is false given that a Trademark Opposition Proceeding  
13 does not prevent the trademark applicant subject to  
14 the opposition from selling the products identified  
15 with said trademark on the market."

16 Q. Does this argument sound similar to the  
17 questions that counsel was asking you earlier?

18 A. (In English) Yes.

19 Pardon.

20 (In Spanish) That is the reason why I began  
21 to explain that, yes, those precautionary measures  
22 could be used. And why do I mention it? Because

1 there is no legal basis for introducing a measure  
2 because they were reserved specifically for other  
3 proceedings and for opposition proceedings; that is  
4 what was said. And what I'm explaining is yes, one  
5 could do that because it says that a trademark  
6 opposition proceeding does not keep the subject  
7 thereof from marketing products identified with said  
8 trademark. The opposition procedure as such does not  
9 impede it.

10           However, an action, such as a precautionary  
11 measure, could impede it.

12           Q.   Ms. Lasso de la Vega, what documents did you  
13 review to prepare your Expert Reports and to prepare  
14 for this Hearing?

15           A.   More than 5,000 sheets--or pages I saw. I  
16 began with the Opposition Proceeding at the  
17 Eighth Court from the Power of Attorney, Submission of  
18 the Complaint, Answer to the Complaint. Each and  
19 every one of the documents, indeed, I sat down.

20                   And if you can see my notes where it  
21 indicated at Number 4,473 of the record: in Panama we  
22 call these "fojas" or handwritten serial page numbers

1 as you can see in the copies that have been left with  
2 us. Each of them is identified with a number, my  
3 handwriting, in which I indicated to what did each of  
4 those documents correspond; for example, of the  
5 evidence specifically.

6 And that's why I would dare state that the  
7 facts that it says were proven were not proved in  
8 Panama in the Opposition Proceeding because if you  
9 review each of those items of evidence one by one,  
10 yes, there is a set of evidence, but they do not show  
11 the facts alleged in the Complaint, and some of them  
12 refer to not the companies that are party to the  
13 proceeding but rather, what is going on in Argentina,  
14 in Mexico.

15 So, for me, yes, I did analyze that, and the  
16 Opposition Proceeding. Then I went to where this  
17 regular claim of a certain amount was brought at the  
18 Eleventh Court, and there the remedies and appeals  
19 that were presented against the order, for example,  
20 that did not admit the third-party intervention--and  
21 this way I was able to realize what the dates were  
22 when the Judgment was handed down first--and then the

1 admission of the third-party intervenor was mentioned  
2 at the Eleventh Court.

3           And then after the Eleventh Court, I looked  
4 at the appeal, at the Superior Court, and then after  
5 the Superior Court, I looked at the action that was  
6 filed, the Motion for Cassation.

7           And then after the Motion for  
8 Cassation--well, at law school I was taught that was  
9 final, a definitive. There was no further remedy, but  
10 I still saw additional actions and remedies that were  
11 pursued, Motion for Review, Motion for Clarification  
12 of Judgment.

13           I looked at absolutely each of the documents  
14 one by one that have been presented in this  
15 proceeding.

16           Q.    Ms. Lasso de la Vega, so have you seen this  
17 same argument that you just saw of Bridgestone in  
18 C-19? Did you see it in other places submitted by  
19 Bridgestone in the Tort Proceeding?

20           A.    In the Civil Proceeding, Bridgestone, on  
21 answering each of the actions, reiterates that--well,  
22 indeed, its basis being--well, as there was

1 exoneration of the cost award at the Eighth Court,  
2 then there is no issue of civil liability.

3           And then we went to--well, as there was no  
4 court order of seizure, then--well, that it was an  
5 exaggerated reaction for Muresa to respond as it did.  
6 And, therefore, this reiteration was maintained; that  
7 there was no genuine risk of Muresa following any on  
8 through a seizure or precautionary measure because no  
9 proceeding on improper use had been lodged.

10           Nothing--there was nothing that would stand  
11 in the way if they decided not to pursue the  
12 precautionary measures which, through an opposition  
13 proceeding, which could have been conservation,  
14 suspension, or seizure. There was nothing keeping  
15 them from initiating a proceeding on improper use  
16 because Panamanian law does not stand in the way of  
17 you initiating both proceedings at the same time.

18           Now, Bridgestone's decision not to bring a  
19 proceeding for improper use was a particular decision  
20 that they made - saying "I don't want to begin such a  
21 proceeding." But it is not because - as I saw in one  
22 of the documents - because the proceeding on improper

1 use is very lengthy and very different from the  
2 Opposition Proceedings.

3 Both types of proceedings in the case of  
4 Panama are judicial proceedings; they are held before  
5 the same courts. Those who are familiar with them,  
6 well, they're the exact same judges, and the time it  
7 lasts is more or less the same as an opposition  
8 proceeding.

9 The thing is that perhaps they believed that  
10 the proceeding was different because they were not  
11 familiar with the law and experience in Panama. They  
12 could have initiated a proceeding for improper use as  
13 well.

14 Q. Counsel also asked you about the Decision  
15 regarding Bridgestone's opposition to the RIVERSTONE  
16 mark and whether or not that court had made a holding  
17 that the RIVERSTONE mark is famous. Now--and you  
18 noted that--oh, sorry, Bridgestone; that the  
19 BRIDGESTONE mark is famous. Excuse me.

20 Now, you noted that Mr. Molino today said he  
21 was changing his expert opinion to say that the Court  
22 did hold that the BRIDGESTONE mark is famous.



1 MS. GEHRING FLORES: And I'm wondering if  
2 perhaps it would be helpful to the Tribunal to  
3 understand exactly what is the "parte operativa," of  
4 Panama, and why would that be important to know.

5 THE WITNESS: Excuse me, just to clarify,  
6 operational part? What are you referring to? And I'm  
7 sorry.

8 BY MS. GEHRING FLORES:

9 Q. The reasoning. The reasoning.

10 A. Okay.

11 Q. And to distinguish that part from other  
12 parts--

13 (Overlapping interpretation with speaker.)

14 Q. Yeah, exactly.

15 A. In the judgment--and I think this was  
16 explained procedurally, but in a judgment on  
17 intellectual property in the courts, as is also the  
18 case with all other judgments, there is initial part  
19 which is the recounting of the background of the case,  
20 then comes--if you take a look at the Judgment that is  
21 in question here, R-0040, you have the "considering"  
22 paragraphs -- so the having-seen paragraphs -- which

1 explain why are [we] here:<sup>22</sup> there was this Judgment,  
2 someone appealed, and this is why we are here at the  
3 Third Court.

4           Then come the facts of the action which is  
5 practically a cut and paste of what the complaint says  
6 – and that's what I did, more or less, and referred to  
7 in my Report. That is to say, listed each of the  
8 facts that is the basis for the complaint. And then  
9 within those facts, one explains how the other party  
10 reacted to each of them so that would be the answer to  
11 the complaint; and then comes the weighing of the  
12 evidence.

13           There is a recounting of the evidence that  
14 was produced into the record, and one does not  
15 necessarily go one by one listing and saying, "from  
16 2000 to 2005 to 4000 and the 5000 as regarding the  
17 2000: my opinion is this and the other my opinion is  
18 that."

19           Excuse me.

20           In general--well, you had said you wanted us

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<sup>22</sup> The Spanish-language version of the answer states: "si ven la sentencia objeto del proceso, 48 que está en la R-0040, están los vistos que es simplemente por qué estamos aquí."

1 to get out of here early, so I'm trying to speak more  
2 quickly. But thank you for reminding me. And  
3 apologies to those behind me.

4 The weighing of the evidence is--involves  
5 pulling together all of the concepts that were found  
6 so as to then reach the decisive part, or the holding;  
7 and that is where you have the resolution of the  
8 dispute where the Court issues its opinion. And it  
9 says: "In keeping with all of that evidence that I  
10 weighed, I make my decision as follows."

11 And in that part of the settlement of the  
12 dispute is where--or the resolution of the dispute is  
13 where the reasons are set out as to why there is  
14 recognition or there's not recognition in terms of  
15 what was being sought. And so the Court said, "You  
16 asked me to determine whether the BRIDGESTONE and  
17 RIVERSTONE marks were similar. You asked me to  
18 determine whether in keeping with Panamanian Law that  
19 mark could or could not be registered, and so I  
20 analyzed that: What was the evidence that had to be  
21 proven and reviewed."

22 Now, the issue of notoriety appears in one of

1 the facts spelled out in the Complaint, but it's not  
2 in the evidence on the record. And so when the  
3 Tribunal<sup>23</sup> analyzes it – and the phrase I'm referring  
4 to is not in the reasoned part of the Judgment. The  
5 reasoned part of the Judgment is at the end where the  
6 solution of the dispute gets into and establishes the  
7 similarity as between the signs what Law 35 says, at  
8 Section 9, the similarities in terms of the mark, the  
9 way in which the mark announces itself, the products  
10 associated with each of them, the figure development  
11 of each one.

12           And at the end of this analysis, where there  
13 is absolutely nothing – I repeat, this is from the  
14 solution of the dispute – you can see this as of 21  
15 and then 22, 23, 24, all the way up to 25, which is  
16 where the decision appears, there is absolutely no  
17 reference to "notoriety" or "fame" because, in effect,  
18 in the solution, the Court did not consider that there  
19 was any evidence that would be of use to it to solve  
20 the dispute based on notoriety.

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<sup>23</sup> Ms. Lasso de la Vega's use of the word "tribunal" is a reference to Panamanian courts.

1           And that is why it ended with its decision,  
2 or holding, where it simply determines in this  
3 specific case that the marks were not similar and  
4 capable of producing confusion in the mind of the  
5 consumer public.

6           Q.    Thank you very much, Ms. Lasso de la Vega.  I  
7 have no further questions.

8           PRESIDENT PHILLIPS:  The Tribunal has no  
9 questions.  Thank you very much.

10          THE WITNESS:  Thank you.

11          PRESIDENT PHILLIPS:  We will probably need a  
12 little break to organize the next witness.

13          (Comment off microphone.)

14          PRESIDENT PHILLIPS:  We will break for 10  
15 minutes.  I think that's sensible.

16          (Brief recess.)

17          NADINE H. JACOBSON, RESPONDENT'S WITNESS, CALLED

18          PRESIDENT PHILLIPS:  It looks as though  
19 everybody is ready, so let's proceed.

20          Have you got your--

21          THE WITNESS:  Yes, I have my Expert  
22 Declaration.

1           PRESIDENT PHILLIPS:   Would you like to make  
2 it, please.

3           THE WITNESS:   Okay.   I solemnly declare upon  
4 my honor and conscience that my statement will be in  
5 accordance with my sincere belief.

6           MS. GEHRING FLORES:   Mr. President, before we  
7 proceed with the cross-examination or direct of  
8 Ms. Jacobson, I just had one point of order,  
9 particularly with respect to the unavailability of  
10 Ms. Jacobs-Meadway.   I'm not sure if you've consulted  
11 the Procedural Order that governs this Hearing; in  
12 Annex A it's called the "Agenda for the Principal  
13 Hearing," and there's a footnote to that.   It says:  
14 "This agenda serves as a general guide only in the  
15 understanding that the estimated days for a given step  
16 may vary, having regard to the fact that the hearing  
17 will operate under a chess-clock system and according  
18 to the principles set forth in supra Paragraph 11."

19           Now, Paragraph 11 of the order discusses the  
20 chess-clock system, and I believe that the order also  
21 sets forth that the Parties will be dividing 14 hours  
22 of time.

1           The unavailability of Ms. Jacobs-Meadway  
2 essentially--well, let's suppose that we end at 4:00  
3 instead of at 6:00 today. That subtracts two hours  
4 from the 14 hours that the Parties are supposed to  
5 share. Panama doesn't believe that it would be fair  
6 that it would be penalized for Claimants' failure to  
7 make its witness available in accordance with the  
8 Procedural Order governing this Hearing. We don't  
9 believe that those two, if it turns out to be two  
10 hours, I don't know how much time Claimants plan to  
11 spend with Ms. Jacobson, but we believe that any time  
12 today that Claimants fail to use should be counted  
13 against them. It should not be counted against  
14 Panama.

15           So, in essence, if there are two hours  
16 subtracted or one hour or whatever it is subtracted  
17 from the total time available to the parties, that  
18 time should be subtracted from Claimants' time, not  
19 from Panama.

20           MS. KEPCHAR: Mr. President, I don't follow  
21 the math. We're not--no one is suggesting that any  
22 time be deducted from Panama's case.

1 Ms. Jacobs-Meadway was scheduled for tomorrow morning.  
2 She could not make it today. Things are fluid, I  
3 understand, and I apologize for the fact that she's  
4 not here, but the fact of the matter is she could not  
5 be here today. She was scheduled for tomorrow.

6 I don't--as I said, I don't understand how  
7 this detracts in any way from the remaining time that  
8 Panama has or the time that we have in terms of  
9 completing the case.

10 (Tribunal conferring.)

11 PRESIDENT PHILLIPS: I think we're making  
12 sufficient progress. To accommodate a short day today  
13 without inhibiting either Party from using the full  
14 amount of their time, the eight hours allocated to us  
15 is not going to be fully used.

16 If we run into problems, we'll consider how  
17 we deal with them when they arise.

18 MS. GEHRING FLORES: Thank you,  
19 Mr. President.

20 MS. HORNE: Mr. President, if I may, we'll  
21 proceed to the direct examination.

22 PRESIDENT PHILLIPS: Very well.



1 MS. HORNE: Thank you.

2 Members of the Tribunal, I would like to  
3 introduce to you Nadine Jacobson, Panama's expert on  
4 international principles of intellectual property law,  
5 and a partner at Fross Zelnick. She has submitted two  
6 expert reports in this arbitration.

7 DIRECT EXAMINATION

8 BY MS. HORNE:

9 Q. Ms. Jacobson, do you have any updates or  
10 amendments to either of your two Expert Reports?

11 A. Yes, I have some brief corrections to make to  
12 my First Report. Some of the footnote numbering was  
13 inaccurate.

14 At Footnote 30 in my First Report, I referred  
15 to Footnote 48, which is correct, but the second  
16 reference should be to Footnote 78.

17 At Footnote 56 in my First Report, the  
18 correct reference there should be to Footnote 74 and  
19 not whatever number had been written there.

20 And at Footnote 97, the reference again  
21 should be to Footnote 78 and not whatever number had  
22 been written there, so I apologize for those typos.



1 and why I think it was not properly characterized by  
2 Claimants' expert as a reservation of rights letter.

3 And finally, I will discuss the Supreme Court  
4 Decision and why I believe it did not cause any injury  
5 to the BRIDGESTONE or FIRESTONE trademarks.

6 So, first, foundational principles of  
7 trademark law.

8 As I'm sure you've read many times in all  
9 these different pleadings that have been put before  
10 you, a trademark is a sign or symbol that  
11 distinguishes goods. It is fundamentally an  
12 indication of source. And as an indication of source,  
13 who owns the trademark matters, everywhere.

14 Now, trademark rights can be derived from use  
15 or from registration. In common law countries, such  
16 as the United States, the U.K., and British  
17 commonwealth countries, trademark rights are created  
18 either through use or registration. But, in civil-law  
19 countries, trademark rights are created primarily  
20 through registration.

21 A trademark is used when a manufacturer  
22 literally applies the mark to the goods, and consumers

1 recognize the mark as conveying a certain quality of  
2 the goods, and that quality of the goods is what  
3 attracts the consumers to purchase the goods. And so,  
4 the goodwill in the mark is the mark's strength or  
5 distinctiveness and its attractiveness to customers  
6 that is acquired through its use.

7           Now, trademark rights are monopoly rights.  
8 They let the trademark owner exclude competitors from  
9 using the same or similar mark for the same or similar  
10 goods in a manner that could cause confusion. That's  
11 where the "likelihood of confusion" standard comes  
12 from, and it's used to evaluate whether a junior mark  
13 infringes the rights in a senior mark. If a  
14 registered mark is not used for a certain period of  
15 time, it can be revoked for non-use.

16           Now, trademark law developed really in the  
17 late 19th century as commerce and manufacturing and  
18 international trade developed, and as that started to  
19 happen, trademark owners were not always the ones who  
20 literally affixed the mark to the goods.

21           Now, this created a problem for trademark  
22 law. If the owner of the mark was not the one

1 applying the mark to the goods, how could it ensure  
2 the quality of the goods and prevent consumer  
3 deception? And the solution that trademark law came  
4 up with was to require the trademark owner to exercise  
5 quality control over the use of the mark by its  
6 Licensees. Because the trademark owner still  
7 determines the quality of the goods that attracts the  
8 customers, the goodwill in the mark still belongs to  
9 the trademark owner.

10           Now, many licenses state that the use of the  
11 mark will "inure to the benefit of" the trademark  
12 owner. As I said earlier, the trademark owner must  
13 use the mark to maintain its rights, but if it's not  
14 the one applying the mark to the goods, how can it do  
15 that? And so, this provision of inure to the benefit  
16 of allows the trademark owner to maintain its rights  
17 by relying on the licensee's use of the mark. Indeed,  
18 Article 19(2) of the TRIPS Agreement says, and I  
19 quote: "When subject to the control of its owner, use  
20 of a trademark by another person, namely a licensee,  
21 shall be recognized as use of the mark for purposes of  
22 maintaining the registration." And the reference to

1 "control" there is to quality control.

2           So, the goodwill generated by the use of the  
3 mark will inure to the benefit of the trademark owner  
4 because, as I just mentioned, the trademark owner  
5 determines the quality of the goods, and it's the  
6 quality of the goods that generates the goodwill.

7           So, the goodwill generated by the licensed  
8 use of the mark inures to the benefit of the trademark  
9 owner, and to fulfill its function as an indication of  
10 source, the goodwill in the mark necessarily belongs  
11 to the trademark owner alone. A licensee could have a  
12 commercial interest in the licensed use. They earn  
13 profit from the sales of the licensed goods, and the  
14 licensor collects royalties. But the ownership of the  
15 licensed marks always is retained by the trademark  
16 owner. Only the trademark owner has an ownership  
17 interest in the licensed mark and its attendant  
18 goodwill. This is fundamental to trademark law.

19           Now, a trademark license is an agreement that  
20 grants the licensee the right to use the mark and to  
21 make and sell goods, subject to the exercise of  
22 quality control. It's often a written agreement, and

1 it is a contractual right. A trademark license is not  
2 an "intellectual property" right. In fact, in the two  
3 key intellectual property treaties that have been  
4 discussed in my Expert Report and in those of the  
5 Claimants' report, an intellectual property is defined  
6 both in the TRIPS Agreement and the Paris Convention.  
7 The TRIPS Agreement identifies IP rights as  
8 trademarks, copyrights, geographic indications,  
9 industrial designs, patents, layouts of integrated  
10 circuits, and trade secrets. It does not mention a  
11 license agreement as an IP right.

12           Similarly, Article 1(2) of the Paris  
13 Convention defines the scope of protection of  
14 industrial property, which is archaic term for what we  
15 now call intellectual property, and it defines  
16 intellectual property as protection of patents,  
17 utility models, industrial designs, trademarks,  
18 service marks, trade names, indications of source, or  
19 appellations of origin. Again, it does not refer to a  
20 trademark license as an "intellectual property" right.  
21 So, as I said, a trademark license does not grant any  
22 ownership in the trademark or its attendant goodwill.

1           Now, BSJ – Bridgestone Corporation – has  
2 licensed its wholly owned subsidiary BSAM, Bridgestone  
3 Americas, to use the BRIDGESTONE mark globally, and  
4 Bridgestone Services has licensed BSAM to use the  
5 FIRESTONE mark globally except in the U.S., where it's  
6 owned by a different company of Bridgestone. Both  
7 License Agreements acknowledge that all goodwill in  
8 the licensed mark are owned by the trademark owner and  
9 not the licensee; and that the trademark licensee  
10 shall not acquire any rights to the licensed mark by  
11 virtue of the License use.

12           Now, I put on the screen the relevant extract  
13 from the Bridgestone Services Corporation's license of  
14 the BRIDGESTONE mark, which is found in the record at  
15 C-0052. And as you can see, Article 6(1) states very  
16 clearly with regard to goodwill, the BRIDGESTONE marks  
17 are part of the goodwill of BSJ's, that is Bridgestone  
18 Corporation's, business, and with regard to ownership,  
19 it states very clearly: "the Licensee shall not  
20 acquire and shall not claim by use or otherwise any  
21 right, title, or interest in the BRIDGESTONE marks."

22           Now, similarly, the Bridgestone Services



1 License Agreement has very analogous provisions, and I  
2 put that on the screen for you, and you can find it in  
3 the record at Exhibit C-0048. Article 11, again with  
4 regard to goodwill: "The Licensee agrees that the  
5 Licensor owns the marks and all the goodwill  
6 associated therewith." And with regard to ownership,  
7 "Licensor shall retain all rights, title, and interest  
8 in and to the marks, the goodwill associated  
9 therewith, and all registrations granted thereon."

10 So, Bridgestone Americas' investment in  
11 Panama, if any, is limited to the right to use the  
12 FIRESTONE mark pursuant to the Bridgestone Services  
13 License Agreement, which is a contractual right and  
14 not an IP right.

15 So, the following conclusions are clear  
16 pursuant to both foundational principles of trademark  
17 law and the relevant License Agreements. Bridgestone  
18 Corporation owns the BRIDGESTONE mark in Panama and  
19 all its attendant goodwill, and Bridgestone Licensing  
20 owns the FIRESTONE mark in Panama and all of its  
21 attendant goodwill.

22 Now I'd like to talk briefly about my role as

1 an expert witness on international trademark law and  
2 practice.

3           The purpose of my two expert reports was to  
4 assist the Tribunal in elucidating the relevant  
5 principles of international trademark law and  
6 practice, and to also assist the Tribunal in  
7 determining whether the finding that the Bridgestone  
8 Litigants were liable for abuse in the IP context  
9 comports with the general principles of international  
10 trademark law. The focus of my practice for almost 30  
11 years has been advising clients on how to acquire,  
12 protect, and enforce their trademark rights globally.

13           I am somewhat familiar with but am not an  
14 expert in Panamanian trademark law, and I'm certainly  
15 not an expert in Panamanian tort law, which was the  
16 basis of the Panama Supreme Court Decision at issue in  
17 this arbitration.

18           Now, in their response to one of my Expert  
19 Reports, the Claimants have criticized me for not  
20 providing an opinion as to whether the Panama Supreme  
21 Court's Decision was correct as a matter of Panamanian  
22 law or fact. My expert opinion was designed to

1 address a much narrower question, which is this: Does  
2 the finding of liability for abuse in the IP context  
3 comport with the international norms of trademark law  
4 and practice? And my conclusion is "yes": The  
5 Supreme Court Decision is consistent with those norms  
6 of international trademark law which obligate  
7 countries to offer protection against the abusive  
8 enforcement of IP rights.

9           Now, I want to turn briefly to the Supreme  
10 Court Judgment itself. I'd like to discuss some of  
11 the international norms of trademark law that address  
12 the abuse of assertion of IP rights.

13           And the first source I want to discuss is the  
14 Paris Convention – specifically, Article 10bis of the  
15 Paris Convention addresses unfair competition, and it  
16 says: "the countries of the union are bound to assure  
17 to nationals of such countries effective protection  
18 against unfair competition. Any act of competition  
19 contrary to honest practices in industrial or  
20 commercial matters constitutes an act of unfair  
21 competition."

22           Now, Article 3, which I've not put on the

1 screen, mentions certain specific actions that are  
2 considered to constitute unfair competition, but  
3 they're intended to be illustrative, not exhaustive,  
4 and they're not really relevant for our purposes.

5           The Bodenhausen Guide to the Paris  
6 Convention, which is considered the authoritative  
7 interpretation of the Paris Convention, confirms two  
8 key points that are worth stressing here. One is  
9 that, "each country must determine for itself which  
10 acts come under this category," of unfair competition;  
11 and second, if the "judicial or administrative  
12 authority" of a country determines that an act is,  
13 "contrary to honest commercial practices," it is  
14 "obliged to hold such act to be an act of unfair  
15 competition, and to apply the sanctions and remedies  
16 provided by its national laws."

17           Now, the TRIPS Agreement also permits members  
18 to offer relief, including "adequate compensation," to  
19 Parties against whom IP rights were abusively  
20 asserted, and that's TRIPS Article 48(1). And even  
21 the U.S.-Panama TPA, pursuant to which this  
22 arbitration is being conducted, states at

1 Article 15.1.13 that, "[n]othing in this  
2 Chapter...prevents a Party from adopting measures  
3 necessary to prevent...the abuse of intellectual  
4 property rights."

5 Now, many countries have also incorporated  
6 these principles into their domestic legal regimes.  
7 Specifically, the laws in the U.K., Ireland, and  
8 Australia provide relief, including injunctions and  
9 damages, to parties injured by an unjustified or  
10 groundless threat of trademark infringement. Civil  
11 law countries such as Germany, the Netherlands, and  
12 France offer similar protections under either their  
13 tort laws or their general unfair competition Laws.

14 So, the Supreme Court Decision based on  
15 Panamanian tort law as to bad faith and reckless abuse  
16 of process is consistent with these international  
17 norms of international trademark law and practice.

18 Now I want to turn to the Demand Letter  
19 itself and why I firmly believe that this letter was a  
20 Demand Letter and not a Reservation of Rights Letter,  
21 as Ms. Jacobs-Meadway, the Claimants' expert, asserts  
22 in her opinion.

1 In general--

2 PRESIDENT PHILLIPS: Is this a matter of  
3 international law at all, or is it simply a matter of  
4 construing the nature of the documents?

5 THE WITNESS: Construing the nature of which  
6 documents?

7 PRESIDENT PHILLIPS: Well, if you're looking  
8 at a letter, you can see what the letter is purporting  
9 to do.

10 THE WITNESS: Yes.

11 PRESIDENT PHILLIPS: Or attempting to do.

12 THE WITNESS: Yes.

13 PRESIDENT PHILLIPS: And that's a matter of  
14 drawing conclusions from the terms of the letter.

15 THE WITNESS: Yes.

16 PRESIDENT PHILLIPS: But is there  
17 international law which defines and puts these letters  
18 into particular categories?

19 THE WITNESS: No, the way the IP treaties  
20 work is they set out general principles that countries  
21 have to adhere to like offering protection against the  
22 abuse of IP rights, and then each country decides for

1 itself how it's going to incorporate relief or that  
2 Principle into their own law.

3           So, for example, in the U.K., the way they do  
4 it, they have in their trademark law, protection  
5 against groundless threats. In the United States,  
6 they offer--we don't usually have cost shifting but  
7 when someone's claim is considered to be so abusive,  
8 outrageous, unjustified, you're entitled to collect  
9 attorneys' fees which could be in the millions of  
10 dollars. Every country decides for itself how it's  
11 going to incorporate these principles into its own  
12 national law.

13           PRESIDENT PHILLIPS: My question is rather  
14 narrower. You're about to embark on categorizing a  
15 letter as to whether it's a Demand Letter or a  
16 Reservation of Rights Letter. I was asking you  
17 whether this is a matter of international law or  
18 simply of construing the letter in order to decide  
19 what it's trying to do.

20           THE WITNESS: I think it's a matter of  
21 construing the letter. There's no international law  
22 that decides specifically what a Demand Letter is,

1 that I'm aware of.

2 ARBITRATOR GRIGERA NAÓN: Going on the  
3 President's question, are you saying that, by sending  
4 this letter, the sender committed a tort under U.S.  
5 law? Is this wrongful conduct under U.S. law or not?

6 THE WITNESS: I think no one element is  
7 something that would necessarily rise to a tort. All  
8 of the cases of abuse of rights talk about the  
9 totality of the circumstances; the course of conduct.  
10 So, I think a letter in the right context can be one  
11 factor. It may in certain circumstances be the only  
12 factor, but it doesn't necessarily have to be the only  
13 factor.

14 ARBITRATOR GRIGERA NAÓN: Do you know of any  
15 precedent under U.S. law in which under similar  
16 circumstances this kind of conduct was characterized  
17 as tortious conduct?

18 THE WITNESS: Not under U.S. law, but I know  
19 precedents under U.K. law. They're in my Report.

20 ARBITRATOR GRIGERA NAÓN: I'm asking under  
21 U.S. law.

22 THE WITNESS: Under U.S. law, sometimes when



1 people make threats like the Claimants' expert talked  
2 about - Leo Stoller, someone who was constantly  
3 registering similar basic terms as marks and then  
4 sending threats to oppose people, and he was  
5 sanctioned by the TTAB; he was forbidden to make any  
6 more threats or file any more actions. So, even under  
7 U.S. law, there are examples of that, yes.

8 ARBITRATOR GRIGERA NAÓN: But specific  
9 precedents that you can refer to?

10 THE WITNESS: Well, there were rulings  
11 against Leo Stoller that I suppose could count as  
12 precedents, yes.

13 ARBITRATOR GRIGERA NAÓN: Okay.

14 THE WITNESS: Okay. So, in general, a  
15 Reservation of Rights Letter will identify and assert  
16 the rights claimed, but make no active threat and  
17 instead reserve the right to object later.

18 Now, a review of the 2004 Letter, or the  
19 Foley Letter as people have been calling it today,  
20 reveals that the Letter does not identify any specific  
21 rights and does not reserve the right to object. And  
22 here I put the Letter up on the screen, and I think

1 you have seen it a couple of times today already, so I  
2 will just move on.

3           Instead, the 2004 letter makes an explicit  
4 demand. It says: "Bridgestone/Firestone hereby make  
5 a formal demand upon your client to refrain from any  
6 use of the RIVERSTONE mark in the United States." And  
7 it makes active objections. It says:  
8 "Bridgestone/Firestone objects not only to any  
9 registration of the RIVERSTONE mark...but also to any  
10 use of the mark," and that "Bridgestone/Firestone  
11 objects to and does not condone the use of  
12 registration anywhere in the world of the RIVERSTONE  
13 mark."

14           Now, in my experience, a Reservation of  
15 Rights Letter not only sets out the rights that are  
16 the basis of the claim but also clearly states that no  
17 action is being threatened at this time. However,  
18 it's clear on its face that that's not what the Foley  
19 letter says. It uses the term "demand" twice and the  
20 phrase "Reservation of Rights" not at all.

21           So, objectively, based on the clear and  
22 explicit language in the 2004 Letter, the Foley

1 Letter, it was a demand letter. It asserted a blanket  
2 threat to challenge the use and registration of the  
3 RIVERSTONE mark for tires anywhere in the world  
4 without providing any legal basis for this threat, any  
5 valid legal basis for this threat. It therefore made  
6 an overbroad or unjustified threat. Accordingly, it's  
7 within the norms of international trademark practice  
8 to view the Demand Letter as a factor supporting a  
9 finding of abusive assertion of IP rights.

10 Now I want to discuss finally why I believe  
11 the Supreme Court Decision did not cause injury to  
12 BRIDGESTONE or FIRESTONE marks.

13 The Claimants' assertion as to the nature of  
14 the injury allegedly caused by the Supreme Court  
15 Decision are neither legally nor factually accurate.

16 First, as a matter of law: The Supreme Court  
17 Decision resolved a tort proceeding based on the  
18 Bridgestone Parties' abusive behavior. The  
19 BRIDGESTONE and FIRESTONE marks were not the subject  
20 of this proceeding. The Decision made no assessment  
21 as to the strength or distinctiveness of the  
22 BRIDGESTONE or FIRESTONE marks or their goodwill. So,

1 there has been no chilling effect. The Bridgestone  
2 Parties have the same enforcement rights today as they  
3 had before the Supreme Court Decision.

4 In any event, I also understand from the  
5 testimony of the Panamanian trademark law experts that  
6 the Decision has no precedential effect in Panama.

7 Further, trademark rights are territorial, so the  
8 Decision has no legal effect outside of Panama.

9 Courts in other countries are not bound to follow this

10 ruling and, in fact, have not. My conclusion,

11 therefore, is that the Supreme Court Decision had no

12 legal impact on the BRIDGESTONE or FIRESTONE marks.

13 Now, as a matter of fact, Bridgestone has

14 also not been prejudiced in enforcing its trademark

15 rights. Claimants admit in their pleadings that

16 consumers are not aware of the Supreme Court Decision,

17 and consumers can't be influenced in their purchasing

18 choices by something they're not aware of. The

19 Decision, therefore, can't adversely impact the sale

20 of BRIDGESTONE or FIRESTONE tires.

21 So, again, it has had no chilling effect.

22 Bridgestone continues to be successful in protecting

1 and enforcing the BRIDGESTONE and FIRESTONE marks.  
2 Indeed, Mr. Kingsbury testified yesterday that they  
3 have brought three additional oppositions successfully  
4 in Panama alone. One of them against a FASTONE mark  
5 that happens to be owned by the Tire Group.

6 So, my conclusion is that the Supreme Court  
7 Decision did not harm the BRIDGESTONE marks nor did it  
8 harm the commercial interests of the Bridgestone  
9 Licensees.

10 And here I want to finish up with a chart  
11 because I did a comparison based on publicly available  
12 opposition decisions and not every country's  
13 opposition decisions are publicly available but many  
14 of were. And you can see from this chart, I have done  
15 a study of the enforcement actions I was able to  
16 identify through public sources where Bridgestone has  
17 enforced its BRIDGESTONE or FIRESTONE marks against  
18 third-party "-STONE" marks. And you can see from this  
19 chart--

20 PRESIDENT PHILLIPS: Are these worldwide?

21 THE WITNESS: These are worldwide, yes. In  
22 numerous countries, more than 20 countries.

1           Okay. You can see, when it comes to  
2 oppositions, the light green bar shows you what it was  
3 before the Supreme Court Decision and the dark green  
4 bar shows you what it was after. So, in terms of  
5 oppositions, they've succeeded in twice as many  
6 oppositions. In terms of nullity actions, where  
7 you're canceling rights that are already registered  
8 based on your prior right, they have been three times  
9 as successful before as after. Infringement actions  
10 have been about the same but that's because it's a  
11 small sample size.

12           And just to conclude, the final chart here,  
13 again, the blue bar shows the cases that they've won  
14 and the gray bar shows the cases that they've lost,  
15 and you can see before the Supreme Court Decision,  
16 there was about a 5:4 ratio between – they won more  
17 than they lost. But after the Supreme Court Decision,  
18 they won three times as many cases as they lost.

19           So, I think it's just simply as a matter of  
20 fact not true to say that the registers of the world--  
21 the trademark registers of the world, or the markets  
22 are going to be flooded with confusingly similar

1 "-STONE" marks for tires in a way that's going to  
2 impair or dilute the FIRESTONE or BRIDGESTONE marks.  
3 There's simply no merit to their assertion that their  
4 trademark rights have been diluted or impaired. That  
5 concludes my presentation, and I welcome your  
6 questions.

7 CROSS-EXAMINATION

8 BY MS. KEPCHAR:

9 Q. Thank you. Good afternoon, Ms. Jacobson.

10 A. Good afternoon.

11 Q. You mentioned in your presentation, in  
12 response to the Tribunal's question about precedent  
13 with respect to sending of a cease and desist or  
14 Demand Letter, the example of Leo Stoller. I just  
15 want to be clear about what that situation involved.  
16 You said that--we pause, we're handing out the  
17 bundles.

18 A. Okay.

19 (Pause.)

20 Q. So, Ms. Jacobson, the example of Leo Stoller,  
21 Leo Stoller was, I think--as you mentioned in your  
22 presentation--an individual who had registered various

1 trademarks and then sent out hundreds, if not  
2 thousands, of Cease and Desist Letters to supposed  
3 persons that he considered infringing his trademark  
4 rights.

5 A. Okay.

6 Q. Is that right?

7 A. That's my understanding of what he was doing,  
8 yes.

9 Q. And his tactic was to oppose Parties'  
10 applications in the U.S. Patent and Trademark Office,  
11 Trademark Trial and Appeal Board, based on these  
12 registrations and the extortionate hundreds of letters  
13 that he sent to hundreds of Parties. Is that your  
14 understanding?

15 A. Yes, that's my understanding of what he did.

16 Q. And the result in the Board--I think you  
17 mentioned that he was sanctioned by the Board. The  
18 Board's sanction was that he could not file any more  
19 pleadings in any matter before the Board without the  
20 consent of the Board. Isn't that true?

21 A. Yes, that's my understanding.

22 Q. So, the Leo Stoller example didn't involve



1 money damages in any way, shape, or form?

2 A. Well, the question I was asked was have you  
3 ever seen people sanctioned for sending Demand  
4 Letters, and I think the Leo example is a good example  
5 of that.

6 Q. But not money sanctions.

7 A. The Board doesn't have power to grant money  
8 sanctions.

9 Q. So, did you review the Supreme Court Decision  
10 in connection with preparing your Reports?

11 A. Yes, I did.

12 Q. Are you familiar with the testimony in the  
13 Supreme Court's Decision of the Muresa witnesses to  
14 the effect that their manufacturers dropped them and  
15 their customers dropped them because they were aware  
16 of the Opposition Proceeding? Do you recall that?

17 A. I did not focus on that, but that sounds  
18 vaguely familiar, yes.

19 MS. HORNE: Excuse me, counsel, can she be  
20 provided with a copy of the Judgment if you're going  
21 to refer to it?

22 MS. KEPCHAR: We can put it up on the screen.

1 BY MS. KEPCHAR:

2 Q. In your presentation, Ms. Jacobson, you note  
3 the Foley letter on Page 25 in full, and then on  
4 Page 26--

5 A. Are talking about my First Report or my  
6 Second Report?

7 Q. In your presentation.

8 A. Oh, my presentation, I'm sorry.

9 What page again?

10 Q. Page 25, you have the text of the Foley  
11 letter in full.

12 A. Yes.

13 Q. And on Page 26 you extract certain statements  
14 from the Foley letter.

15 A. Yes.

16 Q. One statement that you didn't highlight is  
17 the extremely important clause "without making any  
18 specific demand at this time directed to use of the  
19 RIVERSTONE mark in any particular foreign country."

20 So, in fact, no demand was made with respect  
21 to any particular foreign country.

22 A. No. It says "no specific demand was being

1 made," but it also said that any use you make of the  
2 mark is at your peril, and that we don't condone your  
3 use, and so I think a reasonable person, which is the  
4 standard that tribunals who have considered groundless  
5 threats and Demand Letters tend to use, I've quoted  
6 some cases to that effect in my Report from the U.K.,  
7 I think a reasonable person would understand that to  
8 mean that, any use you make in any country is  
9 potentially subject to action by the  
10 Bridgestone/Firestone Parties.

11 Q. Have you sent any letters of this sort in  
12 your practice, Ms. Jacobson?

13 A. I have sent and supervised people in foreign  
14 countries sending on behalf of my clients numerous  
15 Demand Letters, yes.

16 Q. Have any of your clients gotten sued for  
17 damages as a result of sending such letters?

18 A. I have not been--have seen any of my clients  
19 liable for groundless threats because we're always  
20 very careful when writing such letters to set out the  
21 basis for our demand and to be very clear about what  
22 relief we seek from the other side, whether we're just

1 reserving the right to object in the future, or  
2 whether we're making an active objection that we want  
3 their response to now under threat of litigation.

4 Q. When you advise clients on these types of  
5 letters, isn't it the case that the letters might send  
6 a different message, depending on the circumstances?  
7 Is that true?

8 A. I think the tone of the letter can send  
9 different messages, and I'm always very careful about  
10 tone because I don't want to be misunderstood.

11 And this is especially important, by the way,  
12 when you're dealing with things internationally. Many  
13 people who receive the letter may not be speaking  
14 English as their first language. They may have a  
15 different view about how you approach conflicts and  
16 how you would resolve conflicts, and I often work very  
17 closely with counsel to be careful that we're sending  
18 the message that we want to send.

19 Q. And the Foley letter was sent from an  
20 attorney to another attorney, and the recipient  
21 attorney was a U.S. attorney. Isn't that true?

22 A. I believe so. I don't have the letter right

1 in front of me, if you want to put it on the screen if  
2 you're going to talk about it so much. That might  
3 help.

4 Q. It's in your presentation--

5 A. I know, but it's very small because the  
6 PowerPoint only lets it be kind of small.

7 Thank you. That's helpful, sure.

8 Q. So, the letter is to Jesús Sanchelima, Miami,  
9 Florida?

10 A. Yes, that's right.

11 Q. It's from BFS Brands; isn't that correct?  
12 Peter Mack?

13 A. Well, it says BFS Brands et al., and I assume  
14 that Latin abbreviation means it's not just being sent  
15 on behalf of BFS Brands, but on behalf of the other  
16 related companies that were mentioned and discussed in  
17 the Opposition Proceeding that produced this letter.

18 Q. But, Ms. Jacobson, that refers to the  
19 Opposition Proceeding between those Parties and L.V.  
20 International in the United States, right?

21 A. Yes. Apparently, it refers to the Opposition  
22 Proceeding in the United States. Although one of the

1 named Parties in the opposition is not specifically  
2 listed there, but I assume he's--that party was  
3 included in the inter alia, yes.

4 Q. Referring to Tab Number 1, your First  
5 Report--

6 A. Yes.

7 Q. --at Page 31 in the "Conclusions" section--

8 A. Yes.

9 Q. --Paragraph 75, the conclusion of your Report  
10 is that each country is sovereign and can determine  
11 its own laws; correct?

12 A. Yes, that's correct.

13 Q. And you also state in this conclusion  
14 Paragraph 75 that Panama was fully within its rights  
15 to issue the Supreme Court Decision under the laws  
16 that it selected as a sovereign nation. Is that  
17 correct?

18 A. Yes.

19 Q. So, your opinion considers the issue of  
20 whether the legal principles applied by the Supreme  
21 Court in this case, such as the legal concept of  
22 recklessness, comported with international law,

1 correct?

2 A. Yes.

3 Q. And you concluded that the Supreme Court's  
4 result in awarding money damages to the members of the  
5 Luque Group that were involved in that proceeding was  
6 consistent with International Unfair Competition Laws  
7 and principles. Is that right?

8 A. Yeah, it's consistent with the laws against  
9 the abuse of enforcement of IP rights. One of the  
10 principles there is unfair competition, sure.

11 Q. Did you read the entire record in this  
12 matter?

13 A. I did not read the entire record of the  
14 Supreme Court--you know, the record of the proceedings  
15 that led to the Supreme Court Decision, the 5,000  
16 pages. No, I have not.

17 Q. Did you read the opposition decision?

18 A. Yes.

19 Q. Did you read the opposition record?

20 A. Not to the extent it wasn't referred to in  
21 the Decision, no.

22 Q. Did you read the pleadings in the tort case?

1           A.     I read the First Instance Decision in the  
2 tort case, I read the Appellate Decision in the tort  
3 case, and I read the Supreme Court Decision in the  
4 tort case.

5           Q.     Not any other filings or evidence in that  
6 case? You didn't review that, did you?

7           A.     I may have read some things. I don't  
8 remember. It was a big record, but I did not read all  
9 of it, no.

10          Q.     Okay. Isn't it the case, Ms. Jacobson, that  
11 to compare the Supreme Court's result with principles  
12 of international law, would you not have had to  
13 examine how the Court reached that result?

14          A.     Not necessarily, no. I understood the  
15 Supreme Court basing its ruling on essentially three  
16 factors: One was the Foley letter, which we've  
17 discussed, and which I have read.

18                 The other was the opposition decision, and  
19 the decision to bring the opposition and the ruling  
20 that happened in that case, which I also read.

21                 And the third was the fear of seizures given  
22 that there had been seizures of RIVERSTONE tires



1 apparently by the Bridgestone Parties in China and the  
2 Dominican Republic, and the testimony that's quoted in  
3 these pleadings as to what the Muresa Party's state of  
4 mind was as to the threat that they were facing and  
5 why they needed to avoid that financial loss by, you  
6 know, diminishing or ceasing their sale of RIVERSTONE  
7 tires in Panama.

8 Q. But you didn't delve into the basis for the  
9 Supreme Court Judgment; in other words, the decisions  
10 below, the evidence below. Is that right?

11 A. Well, I read what the evidence was to the  
12 extent it was relied upon by the Supreme Court, and I  
13 think if those are the factors that led to their  
14 decision and they clearly articulated them in the  
15 decision, I think those are factors that other courts  
16 that have considered this issue have taken into  
17 account when deciding to Award money damages in these  
18 kind of cases.

19 In fact, one of the cases cited in my Second  
20 Report, the Best Buy case, has facts that are  
21 extremely similar to this situation, and it was a  
22 decision by the U.K. Court of Appeals.

1           You had Best Buy trying to expand into the  
2 U.K. through a U.K. sub. They filed for their mark,  
3 EU-wide, and a Spanish company that had prior  
4 registration in Panama--I mean in Spain, rather, had  
5 opposed them, and they reached out to see if they  
6 could work something out, and the Spanish company sent  
7 back a Demand Letter saying, "Until these oppositions  
8 are resolved, you cannot advertise or use your mark  
9 anywhere in Europe or we're going to sue you."

10           And the Best Buy company brought up an action  
11 for groundless threats in the U.K. Court, and the  
12 Appellate Court found that, yes, this was a groundless  
13 threat in the context of this Opposition Proceeding  
14 that had been going on, that the Spanish company did  
15 not have the right to threaten their use all over  
16 Europe when the Spanish company's rights were limited  
17 to Spain.

18           And interestingly, for the points that were  
19 discussed earlier today, the letter had been sent to  
20 one party in the Best Buy, I think it was the U.S.  
21 parent, and the Court went on to say, even though the  
22 letter was only sent to the U.S. parent, the U.K. sub

1 could also recover because they were part of the same  
2 group, clearly working together, and it was obvious  
3 that both Parties could have been damaged by this  
4 threat, so both Parties were entitled to recover.

5           And I think the facts there are quite  
6 analogous to what's happening here, and that's another  
7 example of a court in the U.K. awarding damages for  
8 that.

9           Q.     There's one big difference. You said the  
10 letter in the Best Buy case said, "Stop or we're going  
11 to sue you." I don't see that in the Foley letter.

12           A.     It said something to the effect of, "If you  
13 use your mark in Europe, we were going to sue you."  
14 They weren't using it yet, so they didn't have to  
15 stop, you know. They weren't using it yet, as I  
16 understand. I said it's analogous. I didn't say it's  
17 exactly the same.

18           Q.     So, if I understand your testimony,  
19 Ms. Jacobson, you really didn't analyze the issue of  
20 whether the Supreme Court Decision was a sound,  
21 legally supportable decision?

22           A.     As I said in my presentation, I'm not an

1 expert on Panamanian tort law. My practice is  
2 International trademark law, and I've seen these kinds  
3 of situations, I've seen these kind of Demand Letters,  
4 I've litigated hundreds, if not a thousand oppositions  
5 in every possible country you can think of.

6 And, in that context, I think I have the  
7 expertise to evaluate the three factors that the  
8 Supreme Court relied upon to reach its conclusion.  
9 And my conclusion is that, if that was the basis for  
10 their decision, it is consistent with the norms of  
11 International trademark law as I've seen similar  
12 courts handle similar fact patterns in other  
13 countries.

14 Q. And just for completeness, Ms. Jacobson, you  
15 didn't consider whether the Supreme Court Decision was  
16 supported by the factual record, either, right?

17 A. As I said, I did not go over all 5,000 pages  
18 of the record, so...

19 Q. Right.

20 So, since you didn't do that analysis, you  
21 must have assumed--and I think you've said this--for  
22 purposes of your opinion, that the legal and factual

1 analysis in the Decision was, in fact, sound. Is that  
2 what you did?

3 A. My opinion is that the ruling is consistent  
4 with the norms of International trademark law, to the  
5 extent it's based on the three factors that they  
6 articulated. I'm not an expert in Panamanian tort  
7 law, and I cannot apply Panamanian tort law to those  
8 facts.

9 Q. So you have no opinion as to whether the  
10 record supported the recklessness finding?

11 A. Other than what I've said, no.

12 Q. And you have no opinion as to whether the  
13 decision was, in fact, arbitrary or capricious on the  
14 record before the Panamanian Supreme Court.

15 A. Again, my testimony has been that I think  
16 it's consistent with the international norms of  
17 trademark law, as I understand, and to the extent that  
18 I think that the factors they relied upon are factors  
19 I've seen other courts consider and reach a similar  
20 conclusion about. I think that Decision is  
21 supportable.

22 Q. So, if I can just make sure I'm clear, your

1 opinion addresses whether the Panamanian legal  
2 principles and concepts found in the Supreme Court  
3 Decision, such as reckless assertion of legal rights,  
4 are concepts and principles also found in  
5 international laws and treaties, right?

6 A. My opinion is that to the extent that the  
7 Panamanian Law set out relief for reckless abuse of  
8 process or bad faith, they are required to do that by  
9 certain Treaty obligations, like the Paris Convention  
10 and TRIPS, and if they've elected to do so through  
11 these judicial proceedings, that's consistent with  
12 their treaty obligations as far as IP law is  
13 concerned.

14 Whether they properly applied those laws to  
15 the facts in this case, I think that the reasons they  
16 articulated are supportable. But again, I'm not an  
17 expert in Panamanian tort law, and I can't say, you  
18 know, how they--the fact that they interpreted the law  
19 correctly is a little bit beyond the scope of my  
20 expertise.

21 Q. So, hypothetically speaking, since you  
22 haven't read the entire file, if it were the case that

1 there had been no seizures of tires by Bridgestone  
2 Parties from the Muresa Parties or their distributors,  
3 in that supply chain, would you still agree that the  
4 Supreme Court Judgment was a good one?

5 A. I can't speak hypothetically.

6 You're saying if the letter had still been  
7 sent and the opposition had still come out the way it  
8 did, that there hadn't been any seizures, whether I  
9 think it was correct that the Supreme Court Decision  
10 decided what it did hypothetically?

11 Q. Yes.

12 MS. HORNE: Counsel, can you please clarify  
13 when you say "correct," are you talking about  
14 Panamanian Law or within the scope of the Expert's  
15 expertise, which is International Law?

16 MS. KEPCHAR: Within the scope of the  
17 Expert's opinion as she has defined it.

18 So if that's beyond the scope, of course,  
19 just please just say so.

20 THE WITNESS: Yeah, look, as I just said--

21 BY MS. KEPCHAR

22 Q. If it's beyond the scope, please just say so.

1           A.     Okay.

2                     As I just said, in the Best Buy case, you  
3 didn't have seizures. You had opposition going on and  
4 an unjustified threat letter sent, and the Court said,  
5 yes, this caused damage that could be recoverable.

6                     So I think even hypothetically, in the right  
7 circumstances, that could have been a basis for  
8 finding damage, yes.

9           Q.     Panama's a signatory to the Paris Convention,  
10 is it not?

11          A.     Yes.

12          Q.     So, turning to Paragraph 5 of your First  
13 Report, which is Tab 1, if Panama were to adhere to  
14 the principles and provisions of the Paris Convention,  
15 it would be required to adhere to the entirety of the  
16 Convention, including Article 6bis and 10bis. Is that  
17 correct?

18          A.     Yes.

19          Q.     And you quote Article 10bis of the Paris  
20 Convention in Paragraph 21 of your Report--

21          A.     Yes.

22          Q.     I refer you to Section 2.



1 A. Of Article 10bis?

2 Q. Yes, of Article 10bis.

3 A. Yes.

4 Q. --which you quote at Paragraph 21, which says  
5 that Member States must protect against any active  
6 competition, contrary to honest practices in  
7 industrial or commercial matters.

8 I'm sorry, let me start again.

9 So, the Paris Convention requires in  
10 Article 10bis--this is your words in  
11 Paragraph 21--"That Member States provide protection  
12 against acts of unfair competition," and then to  
13 Paragraph 2: "Any act of competition contrary to  
14 honest practices and industrial or commercial matters  
15 constitutes an act of unfair competition."

16 You see that language?

17 A. Yes.

18 Q. Is it your opinion, as a trademark lawyer, an  
19 experienced trademark lawyer, that Trademark  
20 Opposition Proceedings are an act of competition under  
21 the Paris Convention?

22 A. I think that the act of filing an opposition

1 against a mark is a commercial act, yes.

2 Q. Is it a competition under the Paris  
3 convention?

4 A. I think it could be properly characterized  
5 that way, yes.

6 Q. That's your expert opinion.

7 A. Yes.

8 Q. Is it your opinion, as a trademark lawyer,  
9 that Trademark Opposition Proceedings constitute a  
10 practice in industrial or commercial matters under the  
11 Paris Convention?

12 And I'm referring back to the language of  
13 Subparagraph (2).

14 A. Yes.

15 Q. Is it also, then, your opinion that  
16 litigation to enforce trademark rights is an active  
17 competition in industrial or commercial matters?

18 A. Yes.

19 Q. So, you conclude that judicial proceedings  
20 are an act of contribution under the Paris Convention?

21 A. I didn't hear the last sentence, an act of  
22 what?

1 Q. I'm sorry, I misspoke. Competition under the  
2 Paris Convention.

3 A. Yes.

4 Q. Turning to Page 18 of your Second Report at  
5 Tab 2--are you there?

6 A. Yes, I am.

7 Q. --you state that you believe that Purchasers  
8 and arm's-length Licensees would tend to look  
9 favorably on a trademark owner who aggressively  
10 enforces its trademark rights, correct?

11 A. Yes.

12 I think a concern that a lot of Licensees  
13 have is that a trademark owner just wants to collect  
14 the royalties, and that they're not going to  
15 sufficiently police the mark in a way that will help  
16 maintain a market for the licensed goods.

17 Q. But it's very important for a trademark owner  
18 to enforce its rights and for--well, I will leave it  
19 at that.

20 Is that correct?

21 A. Yes, it's important for a trademark owner to  
22 enforce its rights, yes.

1 Q. And for the owner of a globally well-known  
2 brand like Bridgestone and Firestone, it's very  
3 important that they enforce those rights aggressively,  
4 isn't it?

5 A. I don't know that Bridgestone/Firestone are  
6 globally well-known. I'm only really familiar with  
7 their reputation as a consumer in the United States.

8 Q. If you assume--if you would assume,  
9 hypothetically, that they are globally well-known,  
10 wouldn't it be critically important that they  
11 aggressively enforce their trademark rights to  
12 preserve those rights?

13 A. Yes.

14 I think any trademark owner, whether they're  
15 well-known or not, needs to enforce their rights in  
16 order to maintain the legally valid scope of their  
17 protection, but aggressive enforcement of trademark  
18 rights does not mean abusive enforcement of trademark  
19 rights.

20 When I refer to "aggressive enforcement," I  
21 mean they have to police the marketplace and the  
22 trademark registers to make sure that confusingly

1 similar marks don't get on to the marketplace or in  
2 the registration. But in this situation, as I  
3 understand, the ruling of the Panama Tribunal that  
4 considered the opposition, they found the marks were  
5 not confusingly similar.

6 So that's not something that would diminish  
7 the strength or scope of protection for the  
8 BRIDGESTONE/FIRESTONE marks.

9 Q. So, you draw a distinction between aggressive  
10 enforcement on the one hand and abusive enforcement,  
11 but your Reports don't draw that line for the  
12 Tribunal.

13 A. What I--

14 Q. What is properly aggressive trademark  
15 enforcement? Is filing an opposition properly  
16 aggressive trademark enforcement?

17 A. As I just said, properly aggressive trademark  
18 enforcement is enforcing against marks that are  
19 confusingly similar to your marks, not marks that are  
20 distinguishable from your marks.

21 And in this situation, the RIVERSTONE mark  
22 was deemed to be distinguishable from the FIRESTONE

1 and BRIDGESTONE marks, and, therefore, one could say  
2 it was abusive to have, in the context of the overall  
3 dealing of the Parties, to have gone ahead and filed  
4 that opposition. And especially because these things  
5 do not happen in isolation, as you well know.

6 In this context what I found really  
7 surprising, frankly, is that these marks had been  
8 coexisting on the marketplace in Panama for four or  
9 five years, and my experience, representing numerous  
10 well-known marks, is that if a third-party mark is out  
11 there, and it's so close to your well-known mark that  
12 you think it's infringing your rights, you don't wait  
13 five years to go after it.

14 Bridgestone and Firestone had valid  
15 registrations in Panama in 2000 when RIVERSTONE mark  
16 started to be used. If they were really troubled by  
17 that use, they should have brought an infringement  
18 action, and I'm frankly puzzled as to why they didn't  
19 if they thought it was such a problem.

20 Q. If Riverstone had a legitimate interest in  
21 the RIVERSTONE mark, wouldn't they have applied to  
22 register the mark in Panama before investing in the

1 market for two years?

2       A.     Well, first of all--and again, I would have  
3 to check the record on this--but it's very common for  
4 small competitors that have limited budgets to take  
5 their time in registering. Registering, as you well  
6 know, can be expensive. It costs almost \$2,000 a pop.  
7 And in Panama, at that time, all the documents you  
8 would have to legalize, as were discussed ad nauseam  
9 in some of these earlier discussions that adds to the  
10 cost too, legalized Power of Attorney, that's at least  
11 500 bucks.

12             And so I think that it's reasonable for a  
13 small market entrant, like the Riverstone Parties, to  
14 take their time in terms of filing to see if they have  
15 a market.

16             And, in fact, I think--I may be  
17 misremembering this, but I think they claim priority.  
18 So at least six months out of the nine months, they  
19 were able to wait without hurting their rights at all.

20             So I think waiting 18 months to file after  
21 they enter the market, isn't unusual for a company  
22 that size that has to register in lots of different

1 countries, which are relatively expensive to secure  
2 protection in, at that time.

3 Q. Are you aware, Ms. Jacobson, that Muresa is  
4 part of a Chinese conglomerate called the "Luque  
5 Group"?

6 A. I've heard reference to the "Luque Group,"  
7 but I'm not familiar with the size or scope of the  
8 business operations of Muresa or Luque.

9 Q. Are you aware that, in 2000, when Muresa  
10 started allegedly using the RIVERSTONE mark in Panama,  
11 that the Luque Group entities had launched a  
12 multinational effort to register the RIVERSTONE mark  
13 in a couple of dozen countries around the world?

14 A. I did actually study the filings of the Luque  
15 Group, and at that time that they entered the market,  
16 they had only filed in a handful of countries in Latin  
17 America. They had not filed globally. I did a  
18 careful search of that.

19 Q. And by the time the Opposition Proceeding was  
20 filed by the Bridgestone Parties, had not the members  
21 of the Luque Group obtained many registrations in many  
22 of these jurisdictions?



1           A.     I would have to check, again, the records  
2 that I reviewed, which are not part of this record. I  
3 have a chart in my purse, but it's not part of the  
4 record, but I believe they filed by then.

5           But as you know, in these countries such as  
6 Bolivia or Peru or Guatemala or Nicaragua, it could  
7 take several years to be registered. So even if they  
8 filed, I don't know that they had secured their  
9 registrations by the time of this opposition. I think  
10 likely not.

11          Q.     The reason I ask is because you had  
12 referenced Muresa as a small, so to speak, start-up.  
13 I don't think that was your word, but a small company,  
14 tire company, testing the market in Panama when, in  
15 fact, they are part of a global multinational Tire  
16 Group.

17          A.     Okay.

18                 Well, look, I represent major multi-national  
19 companies too, that are as big or bigger than  
20 Bridgestone and Firestone, and even really big  
21 companies have limited budgets. You know, they have  
22 lots of product lines, they have lots of businesses

1 they have to go into, and they only have a limited  
2 amount of money for filings.

3           Even very major companies with some of the  
4 biggest Market Caps in the world don't always file for  
5 every mark everywhere all the time. It's not the  
6 Company's size, necessarily, but I think--and this is  
7 very common for big companies--they're testing whether  
8 the brand is going to work in the market. They don't  
9 want to spent hundreds of thousands of dollars getting  
10 trademark registrations for a brand that might not  
11 take off on a mark they're about to abandon.

12           So it's not that they might not have had the  
13 money commercially, it's that it didn't make sense  
14 until they tested the market and saw that Riverstone  
15 tires were going to be an attractive brand to  
16 customers, and then they would want to invest in it.

17           Q. I think it's an important point you make that  
18 Muresa was testing the market, and it was essentially  
19 starting out, and it was a small company. Wouldn't  
20 you agree that it's possible that they wouldn't have  
21 really had a presence in the Panamanian market  
22 sufficient for Bridgestone to even discern?

1           A.    I don't know how quickly their mark took off  
2 and became successful. I saw in some of the Damages  
3 Report that I looked at that they had sales at one  
4 level one year and then the next year they had gone up  
5 dramatically, which again, can happen when you  
6 introduce a new brand. Something can become hot very  
7 quickly and very unexpectedly.

8                   And, you know, I think from what I  
9 understand, that might have been what happened with  
10 Riverstone.

11           Q.    But you were suggesting earlier in your  
12 testimony that Bridgestone was not diligent in  
13 pursuing Muresa earlier. It's possible, because this  
14 was a small start-up testing the market, that  
15 Bridgestone wouldn't have had any idea that they even  
16 existed. Isn't that correct?

17           A.    Well, I think they would have known they  
18 existed because, in my experience, major companies do  
19 track their competitors quite closely, especially the  
20 startups who might take share from them.

21                   But I think--when you asked the question, you  
22 were asking about what the situation was when they

1 first entered the market in 2000 and 2001, when they  
2 had filed their applications. But this--they were  
3 there for five years before, you know--they went all  
4 the way from 2000 to 2005, and all during that whole  
5 time, Bridgestone didn't take any action. So they  
6 tolerated that use for five years before they did  
7 anything. And by that point, Riverstone had been  
8 quite established in the Panama market, as I  
9 understand it.

10 Q. In your Second Report at Page 8,  
11 Paragraph 15--

12 A. Page 8, Paragraph 15.

13 Yes, okay.

14 Q. --you opine that the Supreme Court Decision  
15 could not and did not--and those are your  
16 words--impair the value or goodwill in the trademarks.

17 Your opinion is not a damages analysis,  
18 right?

19 A. No, I'm not a damages expert.

20 Q. So, this statement doesn't relate to economic  
21 impairment of value to the trademarks, correct?

22 A. Again, I'm not a damages expert, but I

1 understand the law and what effect legal decisions  
2 have. And so my opinion is based on what effect  
3 legally this Decision could have had.

4 Q. Thank you, Ms. Jacobson. I have no further  
5 questions.

6 MS. KEPCHAR: Mr. President.

7 MS. HORNE: No questions at this time,  
8 Mr. President, although I would like to reiterate our  
9 reservation to potentially apply to recall  
10 Ms. Jacobson at a later time.

11 PRESIDENT PHILLIPS: We have no questions.  
12 Thank you very much. You are released.

13 We needn't remain in purdah, I think, so  
14 you're free to talk about the case.

15 THE WITNESS: Thank you.

16 (Witness steps down.)

17 PRESIDENT PHILLIPS: Well, I apprehend there  
18 is no further business that we can do this afternoon?  
19 We're making good progress, I think, so we can all  
20 benefit from an early adjournment.

21 MS. GEHRING FLORES: Thank you,  
22 Mr. President.

1                   (Whereupon, at 4:11 p.m., the Hearing was  
2 adjourned until 9:00 a.m. the following day.)

## CERTIFICATE OF REPORTER

I, David A. Kasdan, RDR-CRR, Court Reporter, do hereby certify that the foregoing proceedings were stenographically recorded by me and thereafter reduced to typewritten form by computer-assisted transcription under my direction and supervision; and that the foregoing transcript is a true and accurate record of the proceedings.

I further certify that I am neither counsel for, related to, nor employed by any of the parties to this action in this proceeding, nor financially or otherwise interested in the outcome of this litigation.



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DAVID A. KASDAN