

IP Newsletter

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Editors

Alfredo Montaner, Cristián Barros

For any questions on the articles included in this newsletter or more information on the topics discussed herein, please contact **Alfredo Montaner** by email at amontaner@sargent.cl and **Cristián Barros** at cbarros@sargent.cl, or directly at Av. Andrés Bello 2711, 19th floor, Santiago, Chile. Phone: (+562) 2368-3500 Fax: (+562) 2360-4010.

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BILL TO MODIFY CHILE'S INDUSTRIAL PROPERTY LAW

In September of 2018, the Chilean Government submitted to Congress a Law Bill modifying the Industrial Property Law, the National Institute of Industrial Property Law as well as minor modifications to the Criminal Procedure Law.

The Proposed Bill intends to update the corresponding legislation of trademarks, patents, industrial designs and drawings, trade secrets, geographical indications and appellations of origin, among other matters.

In the past couple of months, the Lower House of Congress has debated the text of this Bill, having been approved with some changes by the Economic Committee and then the Finance Committee of the Lower House. Recently, on the 10th of April of 2019, the Lower House approved the Bill.

The Bill will now be sent to the Senate for their revision and input and it is expected to be approved during the course of this year, or early next year.

EXECUTIVE SUMMARY

The most relevant amendments and changes proposed by this Bill are the following:

1. Trademarks:

- Non-use and genericide trademark cancelation action.
- Three dimensional and scent trademarks will be allowed.
- Limitation to the rights conferred to trademark holders when said trademarks are names, pseudonyms or geographical locations.
- Commercial and industrial establishment trademarks will now be registered in classes 35 and 40 respectively.
- Graphic representation of trademarks will not be required for registration.
- Set of comprehensive regulation of collective and certification trademarks.
- Enhances the description of trademark counterfeit.

2. Patents:

- Allows for provisional patent applications.
- New exceptions to patent holder's exclusive rights.
- Patent ownership action.
- Modifications to Term Adjustment and Term Extensions.
- Patent priority restoration.

3. Others:

- Trade secret definition now mirrors that of the TRIPS agreement.
- The National Institute of Industrial Property (INAPI) will be a party in proceedings before higher Courts.
- Industrial design and drawing deposit system as well as extending their validity term.
- Modifies regulation for geographical indications and appellations of origin.

I. TRADEMARKS

1.- Non-use and genericide cancelation actions:

If the Bill is approved as proposed then trademarks in Chile will be subject to non-use cancelation actions for the first time. The grounds for this action will be if the trademark has not been used in a real and effective manner within the national territory within five years of the registration date or if the use was suspended for 5 years. The transition rule establishes that for trademarks registered prior to the enactment of the law; the use requirement will start upon its renewal.

Additionally, the Bill establishes the cancelation of a trademark if the holder has provoked or allowed for said trademark to become the usual designation of the product or service it distinguishes (genericide). The trademark holder can prevent this from occurring by using the corresponding indications that it is a registered trademark on the products or services.

These cancelations do not operate *ex officio* and must be filed by a third party. Also, a third party will be able to file non-use cancelation action when filing a defense writ against a third party opposition.

2.- Three dimensional trademarks and scent trademarks:

The Bill allows for three dimensional and scent trademarks.

3.- Limitation to the rights conferred to trademark holders:

Trademark holder's cannot exclude a person from using their name or pseudonym or that of their predecessors in commerce, unless said name, pseudonym or that of their predecessor induces consumers into error or confusion.

The Bill also establishes that trademarks that include geographical names or expressions related to the genre, nature, origin, nationality, weight, quality, value, or other descriptive expressions cannot prevent the use of said expressions when they are used to identify or inform consumers precisely about said genre, nature, origin, nationality, weight, quality, value, etc, unless they induce consumers into error or confusion.

4.- Commercial and industrial establishment trademarks will now be registered in classes 35 and 40 respectively:

The Bill establishes amendments that eliminate the Chilean categories of trademarks to distinguish commercial and industrial establishments. Current trademarks that distinguish commercial establishments will have to be renewed in class 35 while trademarks that distinguish industrial establishments will have to be renewed in class 40. This will simplify the registration and will reduce the official fees that currently apply for the registration and renewal of the referred trademarks.

5.- Graphic representation of trademarks will not be required for registration:

In line with the TRIPS agreement the Bill eliminates the requirement of graphic representation for registration and states that trademarks that cannot be represented in the registration must allow the authorities and the public to clearly and precisely determine the protection granted to the holders.

6.- Set of comprehensive regulation of Collective and Certification trademarks:

The current regulation for these trademarks has proven to be deficient and the Bill thus introduces a new definition of certification trademarks and that the holders of said trademarks must authorize its use to anybody whose products or services comply with the conditions set out in the certifications trademarks by-laws. Additionally, the Bill clarifies its authority to object the By-Laws of collective and certifications trademarks, and do so as a formal objection or later as an office action.

7.- Enhances the description of trademark counterfeit:

The Bill indicates that trademark counterfeits can be sanctioned with imprisonments lasting between 61 and 540 days (they were previously regulated in the criminal code in a somewhat erratic manner). Likewise, proving "willful intent" of the counterfeiter will no longer be a requirement to establish liability. Additionally, once trademark counterfeit is judicially established, in subsequent compensation litigation, statutory damages up to 140.000 USD will be available.

8.- Documents to prove a priority:

The Bill establishes that a trademarks priority rights will have to be proven by the means and manner established in the Rules of the Law.

II. PATENTS

1.- Provisional patent application:

The Bill will allow for the possibility of filing a provisional patent application without complying with the filing of all the required documents before INAPI. The provisional application does not have to pay the corresponding government filing fees and will be in place for 12 months, at which time the applicant must file a regular application in order to benefit from the priority of the provisional. The provisional patent application must include a Spanish or English clear and complete written description of the invention.

2.- Reduction of the deadline to request the reinstatement of a patent application:

The Bill reduces the deadline to request a reinstatement of a patent application from 120 working days to 45 working days.

3.- New exceptions to patent exclusivity rights:

The Bill establishes five new exceptions to a patent's exclusivity rights and they are the following:

- Private and non-commercial acts.
- Research exception.
- Preparation of medicines under medical prescription for individual cases.
- The use, on board of ships of other countries, of means constituting the object of the patent in the hull of the ship, in the machines, rigs, apparatus and other accessories, when said ships temporarily or accidentally enter the waters of Chilean territory, with the reservation that said means are used exclusively for the needs of the ship.
- The use of means constituting the subject matter of the patent in the construction or operation of air or land locomotion apparatus of other countries or of accessories to such apparatus, when these temporarily or accidentally enter Chilean territory.

4.- Ownership action:

The Bill allows for the legitimate inventor to request the assignment of a patent and the corresponding damages from the non-legitimate patent holder. This action has to be filed within five years from the registration date and will follow the procedural rules of a summary trial before a civil judge. This amendment solves a current problem in Chile which is that the legitimate inventor only has the ability to file a cancellation action (and thus eventually end up canceling the corresponding patent).

5.- Modifications to Term Adjustment and Term Extensions:

The Bill reduces the deadline to file for a term adjustment and a term extension request from 6 months to sixty working days. Additionally, the Bill establishes a 5 year cap on the amount of time that can be adjusted or extended by the Industrial Property Court. The Bill also defines that when the Examiner accepts the appointment is when the examination is requested in order to trigger the option to request a term adjustment after only three years of prosecution from said date.

6.- Inventions in service:

The Bill establishes that inventions in service cases will be of the competence of ordinary justice courts and the summary procedure will be applied.

7.- Prior filing date and raise in government fees:

The Bill will allow to file a patent application even if the corresponding government fees have not been paid. The applicant will have to proceed with this payment within 30 days or the application will be declared abandoned.

Additionally, the Bill establishes that if a patent application dossier exceeds 80 pages, the corresponding government fee will be raised by approximately 100 USD for every additional 20 pages.

The Bill also allows that the applicant of a patent, industrial design, utility model, choose the government fee payment deadline for the second half of the corresponding privilege, permitting the payment on an annual basis after the first 5 or 10 year fractions have lapsed.

8.- Patent priority restoration:

The Bill allows for the applicant to request the restoration of the priority within two months of the priority date.

III. INDUSTRIAL DESIGNS AND DRAWINGS

1.- Deposit System and abbreviated procedures:

This amendment resembles the European Design system and allows for the applicant of an industrial design or drawing to opt for an abbreviated registration procedure. In this procedure upon compliance with only formal requirements, the applicant will be issued a deposit certificate with a 15 year validity term. Nevertheless, prior to enforcement, holders of deposit certificates will have to request substantive examination of their industrial designs/drawings.

2.- Extension of the validity term of industrial designs and drawings:

The Bill extends the duration of the validity term of industrial designs and drawings to 15 years (currently 10 years). Likewise, it includes a transitional disposition allowing to request a 5 year extension in the validity term of every industrial design/drawing which is in force at the time of its enactment.

IV. TRADE SECRETS

1.- Trade secret definition now mirrors that of the TRIPS agreement:

The Bill establishes amendments to the current definition of a trade secret and expands the concept thus bringing it in line with the definition of the TRIPS agreements.

V. GEOGRAPHICAL INDICATIONS AND APPELLATIONS OF ORIGIN

1.- Definitions:

The original text of the Bill introduced by the Government modified the definition of geographical indications as well as that of appellations of origin. In the case of geographical indications, it allowed for this recognition to exist if at least one of the stages of protection or manufacture of the product is executed in the corresponding country, region or locality. In the case of the appellations of origin, it allowed for the recognition to be granted if some of the raw materials come from other geographical territories complying with certain specific additional requirements. However, during the legislative debate, these modifications were stricken from the Bill. We must now wait to see if during the legislative debate in the Senate these modifications are reintroduced.

2.- New non-registration grounds:

Three new non-registration grounds for geographical indications and appellations of origin are included, and they are:

- Graphic, phonetic and conceptual similarities that may cause consumer confusion with a previously applied for or registered distinctive sign.
- Graphic, phonetic or conceptual similarities that can cause confusion with a non-registered distinctive sign that is being used in a real and effective manner within the national territory for the same or related goods.
- That constitute the complete or partial reproduction, imitation, or translation of a trademark, appellation of origin, or geographical indication that is well known in

Chile in the corresponding consuming public, as long as said use will cause consumer confusion.

3.- Cancellation action:

The Bill allows for a cancellation action to be filed when the product is no longer manufactured in the protected zone or when the product no longer complies with the conditions that allowed for its recognition. There is no statute of limitation for these actions.

VI.- OTHERS

1.- Manner of serving resolutions by INAPI to the parties:

The Bill introduces modifications regarding the manner in which certain resolutions of INAPI are served to the interested parties. For example, oppositions will be served to the applicant in an electronic manner (as well as office actions if there was an opposition).

2.- Modification of the deadline to pay government rights and renewals:

The Bill introduces an amendment that the government fees for the second half of the validity term can either be paid upfront in total or on an annual basis. Furthermore, the Bill allows the patent holder that has not paid the government fees within the corresponding deadline to request the unwrapping of the application within 45 working days. Additionally, the Bill establishes that the government fees for a trademark renewal must be paid together with the filing of the renewal request as well as allowing a trademark to be renewed within six months of the end of its validity term (currently 30 days).

3.-INAPI becoming a party to procedures triggered by recourses filed against their decisions:

INAPI will be a party in recourses filed against their decisions, i.e. before the Industrial Property Court and eventually the Supreme Court.