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**Sargent & Krahn, 110 years.**

Our firm was founded in 1889, by Mr. Allen C. Kerr, a Member of the Chartered Institute of Patent Agents (M.C.I.P.A., London) as of 1902.

Mr. Kerr was succeeded by Mr. Thomas C. Sargent, a member of the Association of Patent Agents of Australia and New York, and also of the English Association as of 1919. In a brochure edited that same year, Mr. Sargent presented his office as "the oldest firm of patent and trademark agents of the Western South American Coast, and representative of the majority of the most important patent agent firms of the world".

The complexities in the protection of the interests of his clients motivated Mr. Sargent to associate with, among others, Mr. Otto Krahn, to head the judicial defense of their affairs. This was the birth of the name Sargent & Krahn, which has been maintained until the present.

This year our firm celebrates its 110th year anniversary.

We would like to share this anniversary with all of our clients and colleagues from practically all the countries around the globe, and contributors in Chile, who have made possible the celebration of this joyous event. We wish to extend our thanks to all of them, who have demonstrated their trust and loyalty to our firm for so many years. S&K

**Editorial**

With this newsletter, which we hope to continue editing periodically, Sargent & Krahn wishes to establish a bridge of communication with its clients in Chile and around the globe, and specially with other legal firms and intellectual property agents that share our concerns and responsibilities. The objective of this newsletter is to provide information regarding the legislation, jurisprudence and intellectual and industrial property practice in Chile, making it accessible to all of our readers. Intellectual Property Law is an active and evolving reality, since it has to adopt and guide the constant technological innovations, as well as the enormous creativity which exists in the present society, which are quickly extending beyond the boundaries of the countries and affecting everyone in the most diverse fields of activities. Our participation in this incessant movement is a great challenge that we accept with enthusiasm.

We invite our kind readers to forward to us any inquires regarding these matters. We would be pleased to jointly collaborate with all of you in clarifying any concerns or, at least, in indicating the guidelines affecting the endless intellectual and industrial property topics that are being discussed at present.

We extend our most cordial greetings and appreciation to everyone. S&K

**Use of "M.R."****or ®, P.I., M.U. and D.I.**

The Industrial Property Law provides that a registered trademark, that is being used in commerce, should visibly be accompanied by the words "Marca Registrada," [Registered Trademark], the signals "M.R.," or symbol ®.

Regarding patents, protected objects should visibly contain the expression "Patente de Invencion", [Invention Patent], or the signals "P.I." and the patent number. The same happens with respect to industrial designs, which should indicate the words "Diseño Industrial", [Industrial Design], or the initials "D.I." and the registration number. Utility models should indicate the expression "Modelo de Utilidad", [Utility Model], or the initials "M.U." and the registration number.

The use of the previously mentioned symbols is a publicity requisite, and therefore, its omission does not affect the validity of the trademark, patent, model or design registration. However, the registration titulars that do not comply with the mentioned requisites may not exercise the criminal actions provided under the same law, in order to remedy the infringement of their rights. The fundamental concept behind this norm is to let know third parties that they are dealing with a registered industrial property right and that they should abstain from using the trademark or copying the invention, model or design.

The individual who has a registered industrial property right, but does not use it, is not restricted by this provision.

The law criminally sanctions those who utilize the above industrial property symbols in conjunction with their products if there is no legally registered right. S&K ISABEL SÁINZ.

**Ambiance Music**

THE SUPREME COURT, THROUGH SENTENCE DATED JULY 12TH, 1999, ORDERED THE PAYMENT OF COPYRIGHT ROYALTIES BY THE

OWNER OF A RESTAURANT (SODA POP SHOP) FOR THE MUSIC PUBLICITY BROADCASTED IN HIS PREMISES.

On the 20th of June, 1997, the Civil Court of Linares ordered the payment by the owner of a restaurant (soda pop shop) "Fuente Alemana" of 1.5% of the monthly gross income to the Chilean Association of Authorship Rights [Sociedad Chilena del Derecho de Autor (SCD)] a copyright collecting society which groups Chilean and foreign authors. This sentence was affirmed by the Court of Appeals of Talca and by the Supreme Court.

A brief summary of the facts of the case concerns the running of a commercial establishment (soda pop shop) by the defendant where ambience music was played through a radio at the premises.

Article 21 of the Law of Intellectual Property rules that "any owner, licensee, user, company, tenant or any other person having the operation of any hall of events, public premises or radio or television station where... performs... musical pieces" must obtain a non-exclusive license from the corresponding collecting society, that shall charge a fee determined by its statutes, which is of a general nature and must be published in the Daily Official Gazette, in order to perform said works.

Pursuant to the instant sentence, which ratifies the prior jurisprudence with respect to supermarkets and other stores, a soda pop shop and other establishments that play music must pay the dues fixed by the SCD, even when playing said music or turning on a radio is of a secondary nature, or simply dispensable, to the main business activity.

Whoever does not comply with this requirement risks a fine or even imprisonment. S&K JUAN C. GUMUCIO.

## Patentability of Second Medical Uses for Pharmaceutical Products

Patents over pharmaceutical products constitute one of the most important assets for the laboratories. Since patents generally have a limited duration, the laboratories seek to extend the duration of their protection, which gives them the exclusive rights of production and commercialization over certain medicines.

A means of acquiring the extension of the duration of a patent is to obtain patents destined to protect the second medical uses of pharmaceutical products already patented. In effect, many times it occurs that well known medicines tested for the treatment of a particular illness are later discovered to be useful to the treatment of other disorders. For example, acetyl salicylic acid, which has been traditionally utilized as an analgesic, is also useful for the treatment of arthritis and the prevention of myocardial infarctions. Another well known case is that of Viagra, originally prepared for the treatment of circulatory problems, has currently been extended and commercialized as the cure for impotency.

Article 37, letter d) of the Industrial Property Law expressly prohibits the protection of "surgical treatments and therapeutic methods", and therefore, it is not possible to patent the "use" of a pharmaceutical product. This norm seeks to prevent the monopoly over medical treatments in which there is a social interest. Nevertheless, Article 37, letter e) permits the patenting of new uses of know elements, only if through their use a technical problem is resolved which previously did not have an equivalent solution.

Through an innovative interpretation of Article 37, letter e) of the Law, the Industrial Property Department has concluded that it is possible to protect the new use of a chemical component (active principle), in so far as it facilitates the preparation of a medicine which is useful for treating a determined illness. **S&K**

SEBASTIAN VIVANCO

## Chilean Jurisprudence Regarding Denominations of Origin

The recognition and protection of denominations of origin, Chilean as well as foreign, is a concept that has been developing at a very slow pace in our country and about which there is not yet of a constant and uniform jurisprudence. The legislation regarding denominations of origin, specially wines and liquors, is not yet solidly established. The jurisprudence of the last 20 years has had the tendency to establish that geographic indications and denominations of origin are equivalent to generic, indicative and descriptive designations or terms of common use, overlooking the doctrinal and technical concepts that distinguish them at an international level. Chile is not a party to the Lisbon Agreement concerning the protection of denominations of origin and their international registration, and furthermore, the TRIPS Agreement, which contains the most recent international rules regarding this matter, will not be effective in our country until January 1st, 2000. Moreover, Chile adhered to the Paris Convention only as of September 30th, 1991. Nevertheless, although the Paris Convention considers the denominations of origin as worthy of industrial property protection, it does not contain specific provisions relative to this issue.

Regardless, recently the wine producers have been placing emphasis on the importance of the local denominations of origin, which are being enhanced for the wines of higher quality. The imminent application in Chile of the rules of TRIPS tending to prevent the use of deceptive geographic indications has been creating a growing concern over this problem. Despite the lack of legislation concerning "piracy", we would like to highlight a few judicial cases which show that, not only presently but for several years, denominations of origin in Chile, national and foreign, have been progressively recognized and protected:

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- 1.-By sentence dated July 12, 1999, the Head of the Industrial Property Department (IPD), rejected an application for trademark “BORDEAUX” for products of class 33, sustaining that “the expression seeking registration ... precisely corresponds to the name of a region located in France, characterized for its production of famous wines and therefore implies a characteristic or particularity of the products directly attributable to its geographic origin, reason why it is not possible to grant the monopoly over such expression to anyone in particular”.
- 2.-The same rationale was applied towards the following expressions, (followed by the date of the sentence):
  - MEDOC, class 33, (1981)
  - SAUTERNE, class 33 (1984)
  - SHETLAND, class 24 (1986)
  - EL BORGONON, class 33 (1988)
  - BEAUJOLAIS, class 33 (1990)
  - BEAUJOLAIS NOVEAUX, class 33, (1991)
- 3.-In 1994, the IPD rejected trademark “GLEN CASTLE”, in class 33, finding that “the word Glen forms part of the name of several distilleries and various names of Scottish whisky ...”.
  - In 1998 the IPD rejected trademark “VIÑEDOS VALLE DEL MAULE”, for distribution services of class 39, since “VALLE DEL MAULE” corresponds to a vine-growing zone or denomination of origin ...”.
- 4.-In 1986, the former Arbitral Council of Industrial Property declared null the registration of “CORTON” in class 33, sustaining that, “Corton is a well known and controlled denomination of origin, recognized in publications of global circulation”.
- 5.-In 1994 a Chilean individual registered at the Agricultural and Cattle Services (ACS) the products “TEQUILA MABILLE” and “TEQUILA CARIBIAN” at the Registry of Alcohol and Beverages.

In 1997, the ACS prohibited the production and commercialization of both tequilas, because they were not being manufactured with the alcohol derivative of maguey, the only prime material which can be utilized to refine a product that carries the name tequila. Otherwise, it constitutes a misrepresentation to the consumers”. The individual presented a protective recourse before the Court of Appeals of Santiago alleging that his constitutional rights had been violated. The Court rejected the recourse based on the following foundation:

  - a) the absent a legal definition of the product known as tequila, there should be an adherence to the natural sense and obvious definition contained in the Royal Academy Dictionary of Spanish Language, which defines it as “a Mexican beverage similar to gin, that is distilled from a species of maguey;
  - b) that the official Mexican norm NOM006SCFI1993 specifies said definition;
  - c) that the name tequila is protected in Mexico, as well as internationally, according to the Paris Convention;
  - d) by naming tequila a beverage produced by the petitioner in Chile, it is acquiring qualities that it does not possess, which is that of its principal ingredients, and thereby, confusing for the consumers. S&K

FERNANDO CASTRO.

## New Industrial Property Law Bill

The Chilean Government has sent a bill to the Congress to modify the current Law 19.039 on Industrial Property. The main objective of this project is to adapt the national legislation to the provisions of TRIPS.

Among the principal modifications which have been proposed, it is noteworthy to mention the following:

### Trademarks.

- 1.- The possibility to request the cancellation of a trademark registration due to non-use.
- 2.- Recognition that an expression, not intrinsically distinctive, may acquire secondary meaning through its use in Chile.
- 3.- Regulation of geographic indications and denominations of origin and prohibition to register them.
- 4.- The Trademark Examiner shall conduct a purely formal examination of an application. This would eliminate the more extensive dual examination presently in existence.
- 5.- The regulation covering "well known" trademarks, specially foreign, shall be improved.
- 6.- Formal incorporation into the law of the rule of article 6 bis N° 3 of the Paris Convention.

- 7.- Amendment of the description of trademark infringements by deleting unnecessary references to the infringer's conduct and by adding new infringements, such as the commercial unfair use of a trademark.

### Patents.

- 1.- Elimination of precautionary patents.
- 2.- The duration of a patent and its valid protection is increased to 20 years, calculated as of the date of the filing of the application.
- 3.- The opposition proceeding against a patent application is replaced by an "observation".
- 4.- The burden of proof in the proceedings for the infringement of a process patent is shifted on the alleged infringer.
- 5.- The legal establishment of patents for microorganisms.

### Other issues.

- 1.- Considerable increase of the fees for actions taken by the Industrial Property Department and government fees.
- 2.- Increase of human resources at the Industrial Property Tribunal, that acts as the Court of Appellate level.
- 3.- Incorporation of rules to protect layout-designs or topographies of integrated circuits. S&K