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New regulation for the analysis of revalidation patents.

Recently, the Chilean Industrial Property Department has set new regulations for the substantive analysis of revalidation patents.

These patents, which validity is established in Chilean Industrial Property Law article 39, paragraph 2, allow the awarding of patent protection in Chile as for inventions already registered in foreign countries or with applications pending for over a year and which, consequently, have lost the chance of resorting to the priority system established in the Paris Convention.

These patents are a significant exception to the general principle of absolute novelty, also established in Chilean Industrial Property Law 19.039.

Until before the implementation of these regulations, it was normally understood that the only decisive factor upon determining the novelty and inventive step of an invention trying to be revalidated in Chile was that said invention would not have been commercially exploited in our country and, likewise, that the basic patent would still in effect abroad.

However, these regulations have clarified that, in order to analyze the novelty and inventive step of a revalidation application filed upon the basis of a patent already awarded abroad, a national search will be performed which starting date will be that of the filing of the application in Chile, and also an international search, which will start as of the priority date of the awarded patent.

On the other hand, in the cases where the revalidation application is filed based on an application that has been pending abroad for over one year, both the national and the international search will be regarded as started as of the date the application is filed in Chile.

These new requirements are relevant since it will not only be the earlier commercialization in our country what will destroy the novelty and inventive step of these revalidation applications, but also a patent application filed earlier at the Chilean Industrial Property Department and/or any disclosure, at international level, before the basic patent's priority date.

In all, this institution will continue to give the possibility of registering in Chile inventions that, should the strict novelty criterion be followed, could not qualify for protection.

Finally, it is likely to expect that the revalidation patent institution as such will finally disappear once the new Chilean Industrial Property Law, currently in the Congress for its analysis, be promulgated, which is expected to happen by the end of this year or early the coming one. S&K

JUAN PABLO EGAÑA

Modifications to the Regulations of the Industrial Property Law, enter into force of the 8th Edition of the International Classification of Products and Services and the new website of the Industrial Property Department.

In the past months some regulatory reforms and technological improvements taken place have contributed to the modernization of Chile's industrial property system.



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In the Official Gazette dated May 20, 2003 several modifications to the Regulations of the Industrial Property Law (“the Regulation”), including the coming into force of the 8th Edition of the International Classification of Products and Services were published. On the same date the costs of the Industrial Property Department (“DPI”) documents and services were raised and the new website of said entity was launched.

The following are the most significant matters:

1. - New publication system of trademarks, patents, models and designs applications in the Official Gazette.

- a) The period for publishing a trademark application, once it has approved the examination, was extended from 10 to 20 days. In the case of patents, models and design the periods was maintained in 60 days.
- b) The publication of applications will take place on Fridays of each week and not everyday as before.
- c) The publication of trademarks, patents, models and designs includes the images of the privilege applied for. In the case of trademarks, the publication of labels is in colors. For patents, models and designs, the examiner shall indicate what is the most representative drawing or drawings for publishing purposes. This modification is important from a practical point of view, since it makes it possible to have a more direct and complete knowledge of the privilege by the public.

2. - New DPI website and submittal of registration applications and payment of rights by electronic means.

DPI launched a new website www.dpi.cl, which significantly improved the information to the public with respect to the privileges under prosecution and those already registered. Also, the new site allows to submit trademarks, patents, models and designs

applications electronically, as well as to pay the rights by the same means. Notwithstanding certain technical and procedural difficulties to use this system extensively, it is a great improvement as compared to the existing manual system.

3. - Validity of the Eighth Edition of the International Classification of Products and Services.

This latest edition of the Classification creates three new classes (43, 44 and 45), with which the old Class 42, which was a sort of “P.O. box “ class where all the services that were not comprised in other classes were classified, reduced its scope of protection since part of the services it included were distributed in the new classes. Thus, classes 42 to 45 comprise the following services:

CLASS 42 Scientific and technological services as well as research and design services related to them; analysis and industrial research services; design and development of PC’s and software; legal services.

CLASS 43 Restaurant (food) services; temporary accommodation.

CLASS 44 Medical services; veterinary services; hygiene and beauty cares for people and animals; agricultural, horticultural and forestry services.

CLASS 45 Personal and social services provided by third parties intended to fulfill individual needs; security services to protect goods and persons.

This new classification does not affect the existing registrations, without prejudice that it represents an increase in the costs of renewals and registration applications in progress, when the services must be distributed in more than one class.

4. - Increase of prices for documents issued by DPI and establishing prices for services to be provided by DPI in its website.

It is important to point out that the funds from the issuance of these documents and the provision of these services, will increase DPI's resources, which, although is a little amount of money, is for its financial autonomy.

Although these reforms do not significantly modify Chile's industrial property system, they represent a positive action that helps modernize it, while we await for substantial legal reforms that have been under discussion in Congress since 1999, to be finally passed and come into force.S&K

ALFREDO MONTANER

New jurisprudence concerning device-marks

In a very positive change, the Chilean Industrial Property Department has rendered some decisions setting a strict criterion regarding applications for device-marks which, although using a different name, they reproduce the most characteristic features of a device-mark previously registered in the same class. In Chile, device-marks may include a name, which must correspond to its most relevant word. These decisions of the Industrial Property Department, which rejected the registration of two device-marks filed by a major supermarket chain, made clear that device-marks may have different names and still be confusingly similar if their design features are indeed similar. Thus, the decisions ruled that in these cases, where the applicant imitated the design features of a registered device-marks, and only change its name by a generic expression, the coexistence may lead

consumers to confusion.

It is expected that these decisions, which are already final, will deter this filing practice which is current among those businesses that trade with white brands.

Traditionally, once granted, these kind of registrations entitled the registrant to "lawfully" imitate the lay out or trade dress of the imitated trademark normally a famous one, in their own products, arguing that their trademarks (white brands), were also protected by a legal monopoly granted by the authority.

In our view, these decisions will positively impact both in prosecution issues before the Industrial Property Department and litigation before the Ordinary Courts.

Before the Industrial Property Department, it is expected that these decisions will prompt the rejection of this kind of device-marks, following timely oppositions; and also, considering that the legal grounds of oppositions and cancellation actions are the same, they may also serve to support solid trademark cancellation actions against this kind of device-marks which may have already been accepted to registration.

From the infringement perspective, this decision will also be relevant, since, according to article 16 of the Chilean Industrial Property Law, the Ordinary Court in trademark infringement proceedings before rendering a definitive decision, are bound to consult the opinion of the Industrial Property Department. Thus, trademark owners will be able to more effectively challenge the use of this kind of device-marks, since the Industrial Property Department, has expressly ruled that the coexistence of these trademarks may effectively lead consumers to confusions.S&K

PATRICIO DE LA BARRA

Imitation and plagiarism in advertisements

The Chilean Code of Advertising Ethics (“the Code”) sets forth the ethical behavior standards to be observed by those who are associated to advertising, either as advertiser, advertising agency or publicists.

The Code is applied in Chile by an entity established for that purpose named Council of Self-regulation and Advertising Ethics (Consejo de Autorregulación y Etica Publicitaria) –CONAR-. CONAR’s agreements and recommendations do not have legal force, although they are obeyed by those involved by a moral reason, that is, companies or entities whose advertising is penalized or questioned by CONAR and who do not run the risk of publicly being shown as breaching the Code and, therefore, obey the agreement or recommendation. In effect, CONAR may order, in case its agreement or recommendation is not observed, the publication of said agreement or recommendation in the media.

Among the norms established in the Code that rules advertisements, there exists a norm that penalizes imitations and plagiarism of same, stating: “The advertisements shall not imitate the form, commercial slogan text, visual presentation, music sound effects, etc., of other advertisements, in such way that could cause damage to the interest and legitimate rights of the advertising material owner or confuse the public”

Grounded on this norm, several complaints have been filed with CONAR that allege that the advertisement or advertising campaign of an entity imitates someone else’s advertisement or advertising campaign. As regards this issue, it is worth pointing out a recent case about a complaint filed by Unilever Bestfoods Chile S.A. for an advertising of its margarine product Dorina regarding some advertisement designed for the company Sadia S.A. for its margarine product Sadia Qualy. Particularly,

the former accused the latter that it had copied the creative idea and a TV commercial of Dorina margarine showing a person spreading margarine on a corn cob, and then when he is about to eat it he eats only the margarine and leaves the corn intact.

CONAR accepted the complaint, pointing out the following ideas in its judgment:

a.- No advertiser may allege the exclusive use regarding generic or common elements to advertise certain products, in this particular case of margarines, on elements such as pieces of bread, boiled potatoes and hot corn cobs.

b. - Notwithstanding the above, in this case the advertising line or creative idea consisting in using the figure of a “corn-spread margarine”, but adding to the spectators’ surprise, contrary to what is “normally” expected, the fact that the leading character eats only the margarine, disregarding the corn cob. This is actually original and therefore susceptible to claim the exclusive use and protection.

c. - That any piece using as an outstanding element an original creative idea that has been used by another company breaches the advertising ethics.

d. - The above is particularly applicable to situations, as in this case, in which products are directly competitive, since this may increase the possibility to confuse consumers and cause possible damage to the company who first used the advertising line in question.

Summing up, that advertisement that imitates an original creative idea that has been previously used in another advertisement breaches the advertisement ethics, particularly when they are competitive products, since it increases the confusion possibility among consumers as well as the possible damage to the company that owns the original creative idea. S&K

ISABEL SAINZ

Unfair competition and industrial property

Since a few years, the Chilean Antitrust Commission has acted in industrial property issues, especially trademarks, under the premise that any abuse of exclusive rights arising from these privileges may effectively be an act against free competition.

However, recently, in a series of decisions, the Commission, in an attempt to re-define its competence in this kind of cases, has stated that in order to be actionable under the Antitrust Act¹ the act should be performed in the following conditions:

- 1.- The trademark holder is a company or an individual with market power and which abuses the rights stemming from said trademark.
- 2.- In addition, and exceptionally, when the act clearly constitutes unfair competition, as is, for example, the registration of a given trademark with the evident intent of hindering competition, deviating from the purposes for which such industrial privilege is granted.

These two conditions have been expressly established in recent pronouncements² and resolutions³ of the Antitrust Commission, all of which makes believe that they will be hereinafter consistently applied to any case involving Industrial Property privileges.

In the essence, the new conditions as set by the Antitrust Commission will require a more careful and detailed analysis of the kind of Industrial Property conflicts that may be submitted for its knowledge with reasonable chances of success. In fact, the two conditions established by the Commission to start to analyze Industrial Property conflicts imply ample discretionality, since, initially, it may dismiss or straightly refuse to know, due to lack of competence, any inquiry or complaint involving an Industrial Property privilege if,

in its opinion, the defendant lacks market power and/or it is not in the presence of an act “clearly” constituting unfair competition.

As “market power” and “unfair competition” are concepts which are not defined in the Law, and have a mainly dynamic nature, a careful review of the Commission’s future decisions in which said concepts are expected to take a clearer definition, will become imperative.

As of now, it would seem that the possibility of resorting to the Antitrust Commission, on Industrial Property matters, will be restricted to very specific situations and, at any event, one where the holder of an industrial privilege whose actions are questionable, uses them to try to prevent a competitor from starting to operate in the market. This means that complaints normally accepted in the past, as were those when the mere registration of a trademark owned by a third party, thus preventing the registration in the name of its legitimate owner, was regarded as an act of unfair competition, are unlikely to succeed any longer⁴.S&K

1 Decree Law 211, of 1973, establishing norms for the protection of free competition.

2 Pronouncements of the Central Preventive Commission numbers 1241 of March 2, 2003; 1251 of June 20, 2003, and 1257 of July 14, 2003.

3 Resolution of the Resolutive Commission number 697 of July 16, 2003.

4 Pronouncement of the Central Preventive Commission number 1257 of July 14, 2003, rejected a complaint that based upon precisely on these facts.

JUAN PABLO EGAÑA