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PROJECT THAT MODIFIES THE INDUSTRIAL PROPERTY LAW IN CHILE IS APPROVED BY CONGRESS

With the purpose of improving the Industrial Property system in Chile, in July 2018, the Government entered a bill that sought to partially modify Law No. 19,039 on Industrial Property and Law No. 20.524, which creates the National Institute of Industrial Property (the "Project"). After overcoming several stages, Congress communicated its definitive approval of the Project on April 20th, 2021. Notwithstanding, the Project must be reviewed by the Constitutional Court before being promulgated by the President and later published in the Official Gazette.

The main modifications introduced by the Project have the purpose of granting a stronger protection and enforcement of industrial property rights and establishing more efficient and expeditious registration procedures, reducing their processing times.

Among the modifications that this Project seeks to introduce, the following are worth highlighting:

Trademarks

• Recognition of new types of signs that can be registered as trademarks

Through the modification of the trademark concept of current article 19 of Law No. 19.039, "non-traditional brands" are included in the legislation, considering the possibility of registering olfactory and tridimensional trademarks.Up until now, the concept of a trademark has been limited to those signs that can be graphically represented, namely, word marks, figurative trademarks, word & label trademarks and sound trademarks.

• Cancellation of trademark registration due to lack of effective use or loss of distinctive character

The Project introduces the possibility of partially or totally cancelling a trademark based on its lack of real and effective use in the national territory within at least five years as from the date of its registration,

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Carey y Cía. Ltda.
Isidora Goyenechea 2800, 43rd Floor.
Las Condes, Santiago, Chile.
www.carey.cl

to distinguish one or more of the products and/or services for which it has been granted, or if said use has been suspended in an uninterrupted manner for the same period of time.Likewise, it contemplates the cancellation of a trademark registration when its owner has provoked or tolerated that it becomes the usual designation of a product or service, so that the trademark has lost its strength or ability to identify the product or service to which it is applied. However, it will not be understood that the owner has provoked or tolerated said transformation if indications that evidence that the trademark is registered have been used in the market.

• Elimination of Commercial and Industrial Establishment trademarks

Following the international trend in this matter, the Project eliminates trademarks that identify a commercial establishment (which identifies the company that commercializes goods) and an industrial establishment (which identifies the facilities in which goods are manufactured), contemplating the possibility that the trademarks that are already registered in these categories are renewed as service marks, so as to respect acquired rights.

• Renewal of trademark registrations and recordals of assignments or other legal acts

The payment of official fees that must be made to renew a trademark registration must be credited before the Trademark Office jointly with the filing of the renewal application, and not at the conclusion of this proceeding, as is the case now. Likewise, the payment of the official fees that must be made to record assignments or other legal acts regarding valid registrations, must be made at the moment the application is filed.

• The crime of trademark counterfeiting is introduced

The specific offense of trademark counterfeiting is contemplated, establishing a penalty of imprisonment for a period that ranges between 61 days to three years and one day, together with fines. The claims that are contemplated in the Project are the following:

• Whoever counterfeits a trademark that is already registered for the same products or services.
• Whoever manufactures, introduces to the country, has for commercialization, or commercializes objects that feature counterfeits of trademarks that are already registered for the same

products or services, for profit and for their commercial distribution.

Additionally, it is set forth that whoever has for commercialization or commercializes directly to the public products or services that feature counterfeits of trademarks that are already registered for the same products or services, will be penalized with the penalty of minor imprisonment for a period that ranges between 61 and 541 days.

• Predetermined reparations in case of trademark infringement

Once the counterfeit offense has been judicially evidenced, the Project introduces the possibility that the owner of the trademark registration may request that the compensation for damages is replaced for a single compensatory sum of up to 2,000 Monthly Tax Units per infringement (equivalent to approximately USD 140,000).

Patents of Invention

• Provisional patent grant

The Project incorporates the possibility of requesting the grant of a provisional patent for a term of 12 months when the applicant cannot yet comply with all the filing requirements of a definitive patent application. The provisional patent grants its owner a priority right to file a definitive patent within 12 months, counted as from the application filing date.

• Exceptions to the rights granted by a patent

The Project introduces a series of limitations of the rights that a patent grants its owner. In this perspective, a final clause is incorporated to current article 49 of Law No. 19,039, which states that the rights conferred by patents will not be extended to, for example, the acts performed in a private manner and without commercial reasons, purely experimental acts, and preparation of medications under medical prescription for individual cases, among others.

• Collection of fees for excess sheets in patent applications

The Project establishes that all patent applications that exceed 80 pages will have to pay, jointly with the official filing fee, an additional fee equivalent to one Monthly Tax Unit (equivalent to approximately USD 70) for every twenty additional pages or fraction of a page.

• Patent usurpation action

The Project introduces the figure of the “patent usurpation”, which regulates the right of the patent’s legitimate owner to request the transfer of the registration (and the respective compensation of damages), when said patent has been registered by whom has no right to do so. This action must be brought before ordinary civil courts. Currently, this claim is not regulated, so it was only possible to address through nullity grounds.

• Limit to supplementary protection

The Project reduces the term to request supplementary protection from 6 months to 60 days counted as from the registration’s grant and limits the extension of supplementary protection to a maximum term of 5 years, regardless of the unjustified delays that can be evidenced during the proceeding.

Industrial Designs and Drawings

• Abbreviated proceeding for the grant of industrial designs and drawings and extension of their term of protection

The Project sets forth the possibility of undergoing an “abbreviated proceeding” for the application of protection of industrial designs and drawings, according to which the applicant will be granted a “deposit certificate” of the industrial design or drawing, without need for a substantial examination of the application (which, in any case, may be requested at a later date by the owner of the registration as well as by a third party).The owner of a deposit certificate of an industrial design or drawing obtained in accordance to the abbreviated proceeding cannot benefit from the actions set forth in the Law while the substantial examination featured in the general registration proceeding has not been made and approved.

Likewise, the Project includes a modification to the term of protection of industrial designs and drawings, from the current 10 years to 15 years.

Trade secret

According to the current legislation, the concept of trade secret is limited to the knowledge in connection to products or industrial processes. The Project notoriously extends this concept by including

all undisclosed information that a person has under their control and that may be used in some industrial or commercial productive activity.

Organization of National Institute of Industrial Property

The Project includes the faculty of the National Institute of Industrial Property of becoming a party in proceedings and appear in superior instances in the remedies that are filed against the definitive resolutions that are issued in the proceedings followed before the Institute.

Enactment of the Law

The date in which this Law will be enacted is unknown, considering that for its enactment its associated regulations must be published. These regulations should be issued within 6 months as from the Project's publication date.

Authors: Guillermo Carey; Francisco Carey; Fernando García; Catalina Aldunate