



Legal Updates on
Trademark Law in
Latin America

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Introduction

The Latin America region is an important market for international trademark owners, and increasingly also the source of globally famous brands. According to data compiled by the World Intellectual Property Organization, the number of trademark classes applied for in 37 IP offices in Latin America and the Caribbean increased from 485,500 in 2006 to 680,300 in 2016. This represents an annual increase of 3.4%.

The past decade has also seen important changes to the protection of trademarks in Latin America. One example of this is the increasing engagement with the Madrid System for protecting international trademarks. Colombia joined the System in 2012 and Mexico followed in 2013. There are now more than 100 members of the Madrid System, which allows trademark owners to simply and cost-effectively apply for international trademark protection. More countries, including some in Latin America, are expected to join the System soon. As well as harmonization initiatives such as the Madrid System, there have been a number of legislative developments in the IP field in Latin America. These include the introduction or amendment of trademark opposition and cancellation procedures; new electronic filing and case management tools; new measures to tackle counterfeiting, in particular through criminal measures; and regulations governing the use of trademarks in certain products, particularly in advertising.

These are some of the issues discussed in this white paper, which features contributions from trademark practitioners in Argentina, Chile, Panama, Peru, Uruguay and Venezuela. Each section is written by an experienced practitioner based in the country concerned and summarizes the background to the trademark law in each country, before focusing on significant recent changes or revisions and finally addressing why they are important. This paper is not a substitute for detailed legal advice but the contributors can be contacted directly if readers have specific questions or concerns.

Argentina

Background

Argentina has always had the same trademark opposition process. The old form of trademark opposition proceedings began once an opposition to a trademark application was filed with the National Institute of Industrial Property (INPI). The trademark application would immediately be blocked, and a year-long term to find a friendly settlement between the parties would be set in motion, beginning on the day that INPI notified the trademark applicant of the opposition.

During that year, the disputing parties had to engage in attempts to settle the opposition on their own. If this failed, they then had to enter into mandatory pre-trial mediation proceedings. If this was also unsuccessful, the applicant had to commence a court action before the federal court to have the opposition removed. Otherwise, the application became automatically abandoned.

Changes to the Opposition System

This system changed on January 10, 2018. On that day, the Argentine government issued Emergency Decree No. 27/2018, which was later passed into law by the Argentine Congress, with the goal of reducing bureaucracy and simplifying administrative proceedings. This new law introduced reforms to trademark proceedings, the greatest of which came in the form of an overhaul of the opposition system. The year-long period was reduced to three months following INPI's notification of the opposition, within which the parties must attempt to settle the opposition on their own. If they are not able to reach an agreement, the opposition then moves not to court as before, but to INPI.

The new law gave INPI the power to hear oppositions and decide whether to uphold them against the applicant. The exact mechanism for deciding oppositions is, as of now, still awaiting implementation. While it is known that both the applicant and opponent will be able to submit additional grounds and present evidence in support of their claims, further details are not available, although they will likely be released soon in administrative regulations. Regardless of which procedure INPI follows, its decisions could be directly appealed to the Federal Court of Appeals.

Why Is This Important?

The revamped trademark opposition system has the potential to allow parties to resolve oppositions more quickly and with fewer resources than under the previous law. However, it is still unclear whether these aims will actually be achieved. To that end, INPI will need to come up with a skilled team of examiners to handle the administrative opposition procedures. If the regulations are well-crafted and INPI is adept in hearing and deciding oppositions, Argentina's trademark proceedings will be in line with those of other jurisdictions worldwide.



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Chile

Background

Law 20.606, Supreme Decree No. 13/2015 and Law 20.869 (the Food Products Regulation) establish certain prohibitions and obligations regarding food products that qualify as being “high in” something (for example, high in calories, sugar, sodium or saturated fats).

Changes to Advertising Rules

The main change provided by this regulation is the prohibition on advertising these “high in” products to children under 14 years old.

The Food Products Regulation provides some criteria to determine in which cases it may be understood that an advertisement for such products is aimed at children under 14 years old. These include: the use of characters and child figures, animations, cartoons, toys, children’s music, including people or animals that attract the interest of these children or the presence of statements or fantasy arguments regarding the product or its effects, children’s voices, language or children’s expressions or of their everyday life situations.

Why Is This Important?

The health authority in charge of the enforcement of the Food Products Regulation has artificially extended the prohibition of advertising to the prohibition of the use of trademarks in the product’s packaging, although this rule does not prohibit the use of trademarks.

As trademark experts agree, the health authority makes a mistake in this interpretation, since (i) trademarks do not constitute advertising; (ii) it does not consider the use of trademarks for their natural purpose, namely to distinguish a particular product from other products in the same category; and (iii) the prohibition of using a trademark based on the Food Products Regulation would infringe the property rights associated with the trademark registration.

However, there is an important subsequent risk that the health authority interpretation of the Food Products Regulation implies a risk of a new policy of plain packaging for food products in Chile.

In particular, we have seen some “sanitary proceedings” (under which infringements of the Food Products Regulation will be sanctioned according to the Tenth Book of the Health Code) where the health authority has argued that colors, names and product shapes, among other things, could be attractive to children under 14 years old and, consequently, infringe the Food Products Regulation.

This last criterion has been confirmed by the Guidelines of Inspection – which sets out the general guidelines to inspect the Food Products Regulation, the last edition of which was published in October 2017 – where the Health Ministry confirms that colors, shapes and even a photo of the product could be considered as advertising to children under 14 years old.

In sum, both industry and trademark practitioners are concerned regarding the extensive criteria being applied by the health authority.



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Panama

Background

Healthy Food Regulations for schools in Panama have been constantly changing in an effort to comply with international standards, namely the good health and well-being goal of the Sustainable Development Goals of the United Nations.

In light of this, and with the aim of promoting healthy nutrition, the Panama Ministry of Education issued Resolution No. 3623 of July 17, 2017 regulating the measurements for Panamanian schools, and Law 75 of November 15, 2017, which concerns the measurement of the promotion of adequate diet and healthy lifestyle in schools.

New Regulation Regarding Schools

Despite the existence of these regulations, there was no clear legal provision that regulated specifically the commercialization of these products. For this reason, the Ministry of Education along with the Ministry of Health of Panama, guided by the Pan-American Health Organization, issued Resolution No. 49 of January 30, 2018 adopting the Basic Guide of Health Food for schools to be offered in cafeterias and/or kiosks in either private or public schools. This Regulation explicitly states the permitted and forbidden food products for schools.

The following products are within this prohibition: all kinds of carbonated drinks, artificially flavored drinks, candies, non-healthy snacks, sweeteners, fried products, highly sugared products and high-sodium products.

Why Is This Important?

The food and beverages industry is highly competitive and companies in this sector are constantly innovating and developing new products with new branding strategies to increase the consumption of their products. There is wide awareness of the connection between innovation and the economic success of a business.

It is generally true that today's consumers are seeking healthier food and beverage choices. It is also important to note that these regulations directly apply to the school population, which includes children across a range of ages, representing a significant proportion of consumers in this industry.

In consequence, companies that are active in Panama will have to adjust their products to the health requirements in order to maintain their position in the market. These adjustments must include replacing current ingredients with healthier options and/or developing new products. It is also necessary to increase and broaden creativity in branding to ensure the distinctiveness of products in commerce and a higher level of consumer recognition.

New commercialization strategies must be developed for well-known trademarks (or families of trademarks) and investment made in diverting long-established recognition to acquire assimilation as a healthy choice. As the market evolves, companies will also need to ensure the highest level of protection for their IP rights by registering their trademarks, as well as food products and packaging.

Considering these new regulations, Panama may be inclined to introduce the food and beverage industry to the restrictions on plain packaging or graphic warnings on packages, which will require adjustments to the strategies in marketing and advertising of trademarks. Other jurisdictions have already adopted measures to protect human health and nutrition. Panama has also introduced, in two different legislative periods, the regulation of tobacco products. Due to the negative impact these products have on human health, they might be compared to the actions taken regarding high-fat, high-sugar and high-sodium food products.



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Peru

Background

Peru's legal system governing industrial property is a constitutive registration system, which does not require previous use of a trademark in order to obtain a registration.

Industrial property rights in Peru are regulated by Decision No. 486, establishing the Common Industrial Property Regime of the Andean Community, and Legislative Decree No. 1075. Article 164 of Decision 486 further establishes that the trademark owner must notify the office of any change in the name or address of the owner of the registration of the mark during the term of a license; if this is not done in a timely manner, the National Institute for the Defense of Competition and Protection of Intellectual Property (INDECOPI) shall deem all information on the register valid.

The protection period of a trademark is 10 years, which can be renewed indefinitely for 10-year periods. The main exception to the registration system is well-known trademarks, which are those trademarks that, due to factors such as intensive use in the market or in commercial publicity, reach a level of knowledge among consumers that is higher than most trademarks.

Following the publication of a trademark, any interested person or legal entity has a period of 30 working days to file an opposition against the trademark application. Furthermore, since Peru is a member of the Andean Community, a similar opposition procedure can be filed by any interested person with a trademark registered in a member country of the Andean Community (Bolivia, Colombia and Ecuador), which is known as an Andean opposition.

Finally, according to Article 172 of Decision No. 486, a trademark registration can be declared null in both absolute and relative terms. Absolute nullification is requested when a trademark contravenes the provisions of Articles 134 and 135 of the Decision. Relative nullification of a trademark is requested when a trademark contravenes the provisions of Article 136 of the Decision or if the registration was applied for in bad faith.

Changes to INDECOPI Procedures

The Electronic Gazette of Industrial Property is INDECOPI's new digital system, which will allow for the publication of trademarks and patents free of charge.

Another major change is that INDECOPI has made a form available that will allow users to submit documents and writs to certain areas of INDECOPI.

Why is This Important?

The Electronic Gazette of Industrial Property has two advantages. The first is that publication of trademark and patent applications is now free. The second is that it will reduce the amount of time to obtain a registration – in the case of trademarks, registration may now be obtained in record time.

The ability to file documents online is another advantage, as this will ensure that users are able to submit writs and applications within the legal time period, reducing the risk that INDECOPI may declare the application abandoned.



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Uruguay

Two relevant modifications to trademark practice were recently enacted in Uruguay.

First, cancellation actions based on lack of use of a trademark were approved. Second, a new Code of Criminal Procedure was passed in relation to anticounterfeiting.

Cancellation Actions Based on Non-Use

On January 1, 2014, use of a registered trademark in commerce became mandatory in Uruguay. Law Nº 17.011 was modified by Law Nº 19.149.

As of January 1, 2019, cancellation actions based on lack of use can be filed against a registered trademark. Hence, in order to avoid cancellation, the registered mark must be used in commerce, depending on the nature of the products or services concerned.

The registration can be cancelled when:

- a. It has not been used by the owner, a licensee or any other authorized person within five consecutive years following its grant, or from the date of any respective renewal.
- b. Use has been interrupted for more than five consecutive years.

Action can be requested:

- a. After five years from the time the registration is granted.
- b. After use has been interrupted for more than five consecutive years.

The owner of the trademark must prove its use within a period of five years prior to the date of the request for cancellation by a third party.

Why Is This Important?

Given that use of a mark was not mandatory in Uruguay until 2014, it was possible to obtain and maintain a trademark registration just for protection, without using the mark. This will no longer be possible. Brand owners must take the necessary measures to avoid their trademarks being cancelled.

New Criminal Procedure Code

Act Nº 19.293, passed on December 19 2014 and published on January 9 2015, approves the new Criminal Procedure Code.

This new Code is inspired by international standards and changes the past procedural system by adjusting it to the constitutional model of "Criminal Procedure," in pursuit of the respect for human rights.

Judge and Prosecutor's Role

The new Code is characterized by a clear separation of roles: The prosecutor is in charge of investigating the case and initiating the criminal action, while the magistrate is restricted to issuing the judgment.

Compensation Agreement

A Compensation Agreement has been introduced by the new Criminal Procedure Code and provides an alternative method of solving a conflict between the victim and the infringer, by which the victim receives compensation for the damage caused.

In case of breach of the agreement by the infringer, the process will be restarted in the previous stage of the suspension.

Experts

After an expert testifies, the judge can subpoena him or her to a hearing and request a detailed explanation regarding content and conclusions of the report. In addition, the parties and the judge can interrogate the expert. As an example, in cases in which experts have to demonstrate expertise about counterfeit merchandise, they must explain how they reached the conclusion that the merchandise is counterfeit and they can be questioned by the infringer's defense.

Why Is This Important?

The new CPP introduces several advantages for IP owners:

- More active participation in the criminal procedure: it is now possible to present evidence, writs, oppose the prosecutor's decision, etc.
- The possibility to enter into compensation agreements provides an alternative method of conflict resolution.
- Specialized prosecutors for intellectual property felonies.
- Leading role regarding expertise, which means more control and demand for requesting original samples and detailed guides.



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Venezuela

Background

As a member of the Andean Community for almost 14 years, Venezuela's trademark law previously was based upon the decisions of the Common Regime on Industrial Property and Copyright, along with certain articles of the country's local Industrial Property Law of 1955 that did not contravene the Andean decisions.

Unfortunately, on April 22, 2006 Venezuela decided to withdraw from the Andean Community, effective April 2011. As a result, the Andean Community's latest Decision 486 on trademarks, which consisted of an updated set of rules adapted in accordance with international standards, was replaced entirely by the outdated Industrial Property Law of 1955. This has left Venezuela far behind most countries with respect to modernized trademark legislation.

Since the reinstatement of the 1955 Industrial Property Law, no major changes have occurred. While Congress is currently discussing some potential important changes, due to the current political situation we do not expect any immediate action on the enactment of this crucial update to the legal framework for trademarks.

Despite these circumstances, Venezuela's Autonomous Service of Intellectual Property (SAPI) continues to provide timely responses on select matters, such as registration of an undisputed application.

Exchange Concerns

International trademark applications are treated equally to local applications in connection with the registration process, but determination of the amount of official fees payable, which were previously paid in local currency (Bolivars), differs. In 2015, the government ruled that all services rendered by administrative offices to foreign entities should be collected in foreign currency, in violation of the national treatment principle. The result is that Venezuela has one of the highest official fees for trademarks in the region. SAPI also required these fees to be paid by wire transfer, which presented additional difficulties due to international sanctions imposed on the current administration.

However, in February 2018, all payments for foreign trademark applicants were – and as of today remain – suspended due to the execution of Exchange Agreement No. 39, which presented the new foreign currency system (DICOM) by which all administrative fees will be calculated going forward. This new basis for calculation of administrative fees will substantially decrease the amount payable in foreign currency and should alleviate the difficulties associated with processing wire transfers.

Why Is This Important?

Until a final decision is rendered in connection with the fees matter, SAPI issued an Official Notice stating that, in order to preserve trademark rights against third parties, a brief confirming the interest in securing/maintaining those rights will be sufficient. While this should ensure that rights are secured, during this confusing time it is necessary to stay alert and take action when new resolutions or legislation are approved and the need to revise and make quick decisions to preserve or acquire trademark rights arises.



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Conclusion

Despite political and economic turmoil in some nations in the region, the changes outlined here signal an overall trend toward progress when it comes to protecting intellectual property rights in Latin America.

Venezuela's political climate means that IP and innovation may take a back seat for the immediate future, but the trademark office continues to accept applications and respond on certain matters, and the exorbitant fees that were being charged to foreign entities should soon be substantially decreased. In jurisdictions such as this, it is especially crucial to liaise with local counsel, who are best positioned to stay apprised of the many unpredictable changes prompted by political unrest.

At the same time, efforts to restrict or prohibit certain types of advertising or ingredients in Chile and Panama are a reminder for brands that the slippery slope toward the extreme plain packaging requirements of Australia remains a threat. For this reason, brand owners must stay informed of proposed and pending legislation and participate in advocacy efforts to educate governments and consumers about the potential harms of brand restrictions, such as increased counterfeiting and reduction in consumer choice.

While these developments present real challenges for brand owners in the region, improvements to trademark opposition and cancellation procedures in Argentina and Uruguay; electronic filing methods in Peru; and anticounterfeiting mechanisms in Uruguay demonstrate a desire to strengthen IP systems, to facilitate users' ability to easily obtain rights, and generally bode well for brand owners seeking to expand into this increasingly important market.

Those seeking more information on any of the issues outlined in this paper or other developments in these jurisdictions should contact the authors directly.



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