

Chile

Contributing firm

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1. Legal framework

National

Chile's trademark regime is principally set out in the Industrial Property Law (19,039) and its corresponding regulations.

Substantial revisions to the Industrial Property Law are slated to come into effect this summer. The amendments (Law 19,996/2005) will also necessitate a review of the regulations. Law 19,996 will come into effect as soon as the updated regulations have been published in the *Official Gazette* – expected to be by mid-2005.

International

Chile is a member state of the World Intellectual Property Organization and is a signatory to the following international trademark treaties:

- the Paris Convention for the Protection of Industrial Property;
- the Nice Agreement on the International Classification of Goods and Services for the Registration of Marks;
- the Agreement on Trade-Related Aspects of Intellectual Property Rights (domestic legislation is in the process of being harmonized with its requirements); and
- the Nairobi Treaty on the Protection of the Olympic Symbol.

In addition, Chile recently signed free trade agreements with the European Union and the United States, both of which contain IP-related provisions. According to the Chile-US Free Trade Agreement:

- certification and sound marks will be included in the Chilean legislation;
- enhanced protection will be granted to well-known marks; and
- border measures have been introduced.

The text of both free trade agreements may be accessed at www.direcon.cl.

According to the Chilean Constitution, treaties have the same hierarchical status as national law. It is left to the courts to resolve possible inconsistencies between local law and these international treaties; usually, the most recent regulation will prevail.

2. Unregistered marks

Protection

Under the current version of the Industrial Property Law, there are virtually no rights for unregistered marks; as a very limited exception, a trademark applicant can oppose applications for the registration of confusingly similar marks that are filed after its own.

In certain circumstances further exceptions are sometimes available for well-known marks, pursuant to the Paris Convention.

The regulations also provide for the possibility of challenging an earlier trademark registration where a later applicant can prove that it in fact created the registered mark.

Where two or more parties are using the same unregistered mark, the first to file for registration will not be allowed to launch infringement actions against the other users until 120 days have elapsed since registration. The forthcoming amendments will extend this term to 180 days.

The amendments will introduce new rights for unregistered marks based on use: according to the revised law, a trademark will not be accepted for registration if it is confusingly similar to a mark that is already in active use by another person or entity.

As the obstacles to registration also constitute grounds for trademark invalidation, it follows that if anyone can prove active use of a mark

prior to the date on which a third party filed for registration of the mark, that user will be entitled to file an invalidation or annulment action against the registered owner.

Where registration is prevented through opposition or invalidated through an invalidation action, the opponent or petitioner must apply for registration of the mark within 90 days of the date of the relevant decision. If it fails to do so, the mark will again become publicly available and priority for new applications will revert – for a further 90-day period – to the original applicant or owner.

Under the amendments, use may also support applications for marks that might otherwise be rejected for lack of distinctiveness, if this has enabled the mark to gain recognition on the national market.

However, use is not – and will not become – a requirement for obtaining or maintaining trademark registration. Conversely, lack of use does not and will not constitute grounds for revocation. It is thus not necessary to file a trademark application based on use or intent to use the mark.

Use requirements

The revised law specifies no duration of use, although it does require that the mark be in actual and effective use on the market if a later application for a confusingly similar mark is to be successfully challenged. Such active use will be sufficient to establish the rights described above.

3. Registered marks

Ownership

Any national or foreign person or entity with the general ability to acquire and exercise rights

is entitled – whether personally or through an agent – to apply for and own a mark.

Foreign applicants must appoint a local representative in order to acquire and defend trademark rights.

Scope of protection

Protected: Under the current text of the Industrial Property Law, a ‘trademark’ is defined as any visible, new and distinctive sign that is capable of distinguishing goods, services, or industrial or commercial establishments. Advertising slogans are also eligible for trademark registration, as long as they are combined with a registered mark.

If registration is sought for a trademark containing words, prefixes, suffixes or roots in common usage or of a generic, indicative or descriptive nature, registration may be granted with a disclaimer indicating that protection is granted only to the mark as a whole and not to its individual elements.

Labels are also protected in their entirety, not by each element contained within them.

The amendments will introduce a new, more precise definition: according to the revised text, a ‘trademark’ is any sign that can be graphically represented and is capable of distinguishing goods, services, or industrial or commercial establishments on the market. Such signs may comprise words (including the name of a person or entity), letters, numbers, figures, images, graphics, symbols, colour combinations and any combinations thereof. The element of novelty is no longer included in the definition. Distinctiveness is now the single most important criterion.

The nature of the goods or services to be distinguished by the mark will never jeopardize registration.

Although no reference is made to sounds or other non-traditional marks, where such marks can be graphically represented and are not excluded from protection they can be registered under the revised law.

Protected: There is an extensive list of marks which are excluded from registration. This currently reads as follows:

- coats of arms, flags or other symbols, names or initials of the Chilean state and its public services, any foreign country or any international organization;
- technical or scientific denominations for the goods or services for which registration is sought, common international denominations recommended by the World Health Organization or denominations indicative of therapeutic action;
- the name, pen name or picture of any living or deceased person, unless he or she – or his or her heirs – has consented to such use. However, the name of a historical celebrity may be registered provided that at least 50 years have elapsed since his or her death and the mark does not affect his or her honour;
- reproductions or imitations of signs or official guarantee control stamps adopted by a country, without its authorization, and reproductions or imitations of a medal, diploma or honour granted in a national or foreign exhibition, where registration is requested by someone other than the person awarded it;
- terms used to indicate the kind, nature, origin, nationality, source, destination, weight, value or quality of the goods, services or establishments; terms used in trade to designate certain kinds of goods, services or establishments; and terms that do not exhibit an innovative feature or that describe the goods, services or establishments for which registration is sought;
- marks that are liable to confuse or deceive as to the source, quality or kind of the goods, services or establishments;
- marks that are identical or confusingly similar to other trademarks registered abroad for identical goods, services or commercial and/or industrial establishments, where such foreign marks are famous or well known;
- marks that are identical or confusingly similar to other trademarks registered or pending registration in Chile in the same class;
- the shapes, colours, decorations or accessories of goods or their containers; and
- marks that are contrary to public order, morality or good behaviour, including the principles of fair competition and business ethics.

The amendments will expand this list even further, adding the following, among others, to the list of excluded subject matter:

- legally protected geographical indications and appellations of origin, in connection with the goods to which these relate; and
- marks that are confusingly similar to another mark in actual and effective use prior to the date of filing.

4. Procedures

Examination

A trademark application is normally examined twice. The first examination, which takes place shortly after filing, is intended to verify that the application meets the formal requirements and that the mark is inherently registrable (eg, it is not generic, descriptive or similar to a prior mark).

If the results of this examination are favourable, the application will be published in the *Official Gazette* for opposition purposes within the next 10 business days.

If the results are unfavourable, the applicant may file a reconsideration petition within 20 business days. The head of the Trademark and Patent Office will decide on the petition within approximately four weeks. If the rejection is sustained, an appeal may be filed within 15 business days.

The second examination is conducted as soon as the opposition term has expired (irrespective of whether any oppositions have been lodged), and is intended to verify that all conditions for registration have been satisfied.

The final decision on registration is usually issued within eight weeks of the expiry of the opposition period, if there is no opposition. In case of rejection, an appeal may be filed within 15 business days.

Opposition

If the application is accepted for registration after the first examination, the Trademark Office will order publication of the mark in the *Official Gazette*. Third parties may lodge oppositions to the application within 30 business days of publication. Oppositions will typically rely on one or more grounds for refusal of registration discussed in section 3 above.

No oppositions may be filed once the 30-day opposition period has expired. Although it is possible to file a brief arguing that the application is not registrable for various reasons, the Trademark Office normally does not consider these kinds of briefs.

Upon receiving notice of the opposition, the applicant has 30 business days to respond. Evidence is usually filed within a 30-day term after the applicant has responded. In certain circumstances, this period may be extended by a further 30 days.

A final decision on the application is normally issued several months after the filing of the opposition. Either party may appeal against the final decision within 15 business days.

Registration

Registration is granted if no oppositions are filed during the opposition period, or if all oppositions are successfully overcome. In order to be granted, the mark must satisfy the definition of a 'trademark' under the Industrial Property Law and there must be no grounds for refusal of registration (see section 3 above).

If the mark is to be granted registration, a registration tax must be paid within 60 business days of the date of the final decision. The registration date corresponds to the date on which the registration tax is paid. The registration certificate is issued approximately three months after the date of registration.

Cancellation/surrender

The trademark owner can surrender trademark registration just as it can surrender almost any rights under Chilean law. In practice, however, the cheapest and easiest option is simply to wait for the registration to expire and not renew it.

Revocation

Revocation for non-use is not possible in Chile, and will not be for the foreseeable future. Use is not a requirement to acquire or maintain a trademark registration.

Invalidation

Third parties can bring an invalidation or annulment action on the grounds of incorrect registration. This action should be served on the defendant within five years of the registration date. Where trademark registration is obtained in bad faith, this five-year limitation does not apply and the action can be brought at any time after the registration is granted.

The grounds on which to seek invalidation of a trademark registration are those exclusions discussed in section 3 above which render a mark unregistrable.

5. Enforcement

Complexity

The enforcement of registered rights is no more complex than the enforcement of any other rights under Chilean legislation before the Chilean courts. However, the same cannot be said of unregistered rights. The essential difference between registered and unregistered trademarks lies in the possibility of enforcing the attendant rights.

The amendments to the Industrial Property Law will not change this situation. While an active user of a prior unregistered mark will be in a position to bar or invalidate registration of an identical mark, it will not be entitled to any of the rights that the law reserves to registered trademark owners, such as the right to bring suit against counterfeiters.

However, the amendments will improve the quantity and quality of the remedies available to owners of registered marks. One of the aims of the reform is to introduce increased, swifter and stronger possibilities of action against trademark infringement.

Registered trademark owners will benefit from criminal and civil actions, pre-trial motions, injunctions, border measures and – in the near future – rules to calculate the damages caused by infringement.

Criminal and civil courts are rarely skilled in trademark matters and have only a general understanding of intellectual property. Therefore, trademark owners must work hard

to convince the courts that infringement really has occurred.

All decisions issued by the lower criminal and civil courts can be appealed before the corresponding court of appeal.

Trademark infringement is currently punishable by a fine of between \$5,000 and \$50,000. Imprisonment is not available as a penalty for trademark infringement.

A trademark owner can also recover damages that are a direct consequence of the infringement. Chilean law does not provide for punitive damages. Attorneys' fees can be added to these damages; when assessed, they are normally reduced by the courts.

The amendments introduce some rules on the assessment of damages. Under the revised provisions, a trademark owner is entitled to recover both actual damages and the profits obtained by the infringer as a direct consequence of the infringement.

Timeframe

In criminal proceedings, both the existence of a crime and the party responsible must be determined. The plaintiff cooperates by suggesting different actions to the court and providing information to prove the infringement.

The court can investigate for as long as necessary before taking any action. Once the court is convinced that infringement has occurred and that it has identified the party responsible, it will issue its decision, which the losing party can appeal.

Full prosecution of a criminal action can last three or four years before a final decision is issued; where the decision is appealed, another year or two may be added. However, criminal

procedures normally end before this point, either because an injunction or other precautionary measure is ordered during the proceedings or because the court does not consider that infringement has occurred.

6. Ownership changes – legalization requirements

All relevant documents – such as powers of attorney and documentation reflecting mergers, acquisitions, assignments and changes of name – must be notarized in their country of origin and legalized by the nearest Chilean consulate before they are sent to Chile and filed with the Chilean Trademark Office.

Current practice allows certain exceptions, to a temporary or limited extent. For example, a trademark application may be filed with a faxed copy of a signed power of attorney in order to meet a Paris Convention deadline. However, the legalized original must subsequently be filed before the registration or recordation can be granted.

7. Areas of overlap with related rights

There is a limited degree of overlap between trademark rights and other rights. The most common case is that of artistic device marks, which can obtain protection both as trademarks and under copyright. There are no legal provisions that preclude double protection.

8. Online issues

Both registered and unregistered marks may be used as normal on the Internet. Under the

revised Industrial Property Law, it is likely that internet usage will become a relevant factor in establishing active prior use of a mark in order to support oppositions and invalidation actions based on the use rights which the amendments will introduce.

As regards the connection between trademarks and domain names, the Internet has become an extremely powerful medium for businesses to advertise and communicate with consumers. A key consequence is that in domain name disputes, ownership of a registered or unregistered mark that is identical or confusingly similar to the disputed domain name is becoming an increasingly relevant factor on which NIC Chile – the Chilean domain name administrator – bases its decision. Even the use of an unregistered mark can swing a case in favour of the mark user if the domain name user has no legitimate grounds to support its choice of domain name.

Trademark owners can oppose domain name applications within a 30-day term and can also file annulment actions once registration has been granted.

NIC Chile has adopted a local alternative dispute resolution system similar to the Uniform Dispute Resolution Policy (UDRP). However, the Chilean system goes beyond the UDRP, in that both registered and unregistered marks are taken into consideration when deciding on the correct assignment of a domain name. The first come, first served principle is superseded when IP rights are invoked.

