

Chapter 4

CHILE

*Marino Porzio*¹

I FORMS OF INTELLECTUAL PROPERTY PROTECTION

The main types of intellectual property protection in Chile are the following: patents, trademarks, utility models, industrial designs, new plant varieties and copyright. In addition, there is also legal protection for microorganisms, undisclosed information (in the pharmaceutical and agro-chemical fields), appellations of origin and trade secrets.

Intellectual property protection is contained mainly in the Industrial Property Law No. 19.039 of 1970, with amendments in 2005, 2007 and 2012 and in the Intellectual Property Law (Copyright) No. 17.336 of 1970, lastly amended in 2010.

In addition, Chile is a party to most of the main international treaties and agreements on intellectual property, such as the Paris Convention on Industrial Property, the Berne Convention on Copyright, the Patent Cooperation Treaty (PCT), the WIPO Convention, the TRIPS Agreement (1994) as well as to several trade treaties containing extensive chapters on intellectual property, such as, the free trade treaties with the United States (2004), Canada (1993), Mexico (1999), Australia (2009), Japan (2007), China (2006), South Korea (2004) and the Economic Cooperation Agreement with the European Union (2003).

The following is a summary of some of the main types of intellectual property forms included in the Chilean legislation and practice:

i Patents

Chilean law contains fairly strong protection for patents.

Patents can be obtained for inventions and these are defined in the law as ‘any solution for a technical problem resulting in an industrial activity’.

Patents are granted for products and for processes related to a product.

Inventions applying for a patent can refer to any field of technology and are supposed to comply with the traditional patentability criteria of novelty, inventive step and industrial applicability.

Patent applications are subject to examination as to substance which is a mandatory phase of the proceedings and they are also subject to the possibility of opposition after the publication of the application in the Official Gazette.

Patents are granted for a 20-year term counted from the date of application. Extension of the protection term is possible in very specific cases.

Although patents may be granted for inventions in any field of technology, there are certain cases that Chilean law does not consider ‘inventions’ and therefore they cannot be patentable or, while having all the characteristics of an invention, the law does not allow the granting of a patent.

The main cases of no patentability are the following:

- a discoveries, scientific theories, mathematical methods;
- b plants and animals, except microorganisms. However, it is to be noted that while plants cannot be the subject of a patent, they are nevertheless the subject of special protection under a special

¹ Marino Porzio is founding partner of Porzio, Ríos & Asociados.

- c law on new plant varieties;
- c systems; methods; economic, financial, commercial or business principles or plans and those referred to purely mental or intellectual activities or gambling;
- d methods for surgical or therapeutic treatment for human beings or animals, as well as diagnosis methods for the human or animal body with the exception of products designed for implementing these methods; and
- e new uses; changes of shape, dimensions or proportions; changes of material of products. However, the new use of already known articles, objects or elements, can be the subject of patent protection when such new use may solve a technical problem, which did not have previously an equivalent solution, provided this new use may comply with all patentability requirements. In these cases, the new use is to be proved with experimental evidence included in the patent application.

The Patent Law provides for a special 12-month grace period in favour of novelty and inventive step, when a possible disclosure of the invention or elements of same results directly or has been authorised by applicant or when disclosure results from possible attempts of unfair competition infringement against applicant.

ii Trademarks

Trademarks are protected by Chilean law upon registration. Registration has a duration of 10 years and it can be renewed indefinitely.

Any sign can be registered as a trademark in Chile; provided it can be represented in a graphic form and it may be able to distinguish products or services in the market. Chilean law provides also that marks can be applicable as a distinctive sign to commercial and industrial establishments.

Signs that can actually be registered as trademarks may consist of words, including names of people alive or dead, letters, numbers, figurative elements such as images, symbols, graphics, combinations of colours, slogans, sounds, as well as any combination of these.

Essential requirements for a mark to be registered in Chile are mainly originality and the capability of distinctiveness.

Moreover, there are signs that cannot be registered as trademarks. This is the case of the names of states, flags and other symbols of any state or international organisations; the name or portrait of a person without authorisation; expression or signs indicating gender, nature or origin of a given product; marks, which are identical or confusingly similar with marks already registered in Chile for the same goods or services, and, if registered abroad, when they enjoy fame and notoriety in the public sector that normally makes use of those products or services in the country of the original registration.

Chile has adopted the Nice International Classification of Goods and Services for the Registration of Trademarks.

Applications for the registration of trademarks may include several classes and will result in a single registration covering all classes, which are the subject of the grant of registration.

Chilean law does not provide for the protection of three-dimensional trademarks.

Chilean law also provides for the registration of collective and certification marks.

It is interesting to note that Chilean law does not provide for the mandatory use of registered trademarks. Therefore, there is no possibility of initiating a legal action against a registered trademark based upon this circumstance.

iii Utility models

Utility models may consist of instruments, tools, devices, mechanisms, where the shape is instrumental and may thus be claimed either because of its external aspect or because of its working and provided this shape may be useful by providing a contribution to the function they are intended for or an advantage or new technical effect.

Utility models are subject to rules similar to patents although much simpler.

The law provides for a 10-year protection period from the date of file.

iv Industrial drawings and industrial designs

These two forms on industrial property protection is provided for two-dimensional and three-dimensional shapes, with or without colours, of any industrial article that may serve as a model for the manufacture of similar products, when their shape, geometry, ornamentation, or the combination of these, may produce a special appearance, resulting in a new physiognomy.

The law further provides that containers can be protected as an industrial design and cloth printing and stamping as industrial drawings.

Protection for these two figures will be granted for a term of 10 years from the date of filing.

v Plant varieties

Plant varieties are not patentable in Chile. In fact, the Chilean Industrial Property Law especially provides among the clauses of 'non-patentability', the impossibility of obtaining a patent for a plant. However, the same provision of the Law makes reference to the rights provided for in the Plant Breeder's Rights Law.

The Plant Breeders' Rights Law (Law No. 19.342) provides a *sui generis* kind of protection, plant variety protection, which consists of the registration of the protected plant in the National Register of Protected Varieties, administered by the Seeds Department of the Ministry of Agriculture.

Chile is a member of the UPOV, and adopted the 1978 Act in 5 January 1996, but has not yet acceded to UPOV 1991.

As a member of the UPOV 1978 Act, Chile has adopted all its provisions regarding priority rights (12-month term), novelty (no offer for sale in Chile for more than 12 months, and no offer for sale abroad for more than six years for tree and vine species and for more than four years for other species), term of protection (minimum of 18 years for vines and trees and 15 years for other species), and scope of protection (restricted to the reproductive material of the variety).

vi Copyright

Copyright in Chile is governed by Law No. 17.336, originally enacted in 1970, which has been successively amended. The last amendment was made in 2010 and this is the text actually in force.

The law protects those rights, which, by the sole fact of the creation of a particular work, are acquired by their authors in the field of literature, art or science, regardless of their form or expression. According to the Berne Convention, no formalities are required to obtain protection.

Copyright covers moral and economic rights that protect ownership, exploitation and the integrity of a particular work.

The law covers the rights of Chilean authors, performers and producers as well as those of foreign nationals residing in Chile. Foreign nationals not residing in Chile have their protection recognised by the treaties Chile is a party to. These are, among others, the Berne Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention (UCC), the Inter-American Convention on Copyright and the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (Rome Convention on Copyright Related Rights) (1961).

The law especially protects books, leaflets, periodicals, reviews, articles and writings; lectures, speeches, lessons or similar works, either written or recorded versions; dramatic and musical works; paintings, drawings, photographs, engravings; architectural projects, sculptures and works of figurative arts, adaptations, translations; video and slide shows, and software, among others.

The protection of copyright in Chile lasts for the author's life and 70 years thereafter.

The law provides for some limitations and exceptions to copyright for institutions of higher education, high schools and schools, in respect of courses taught in any form, provided they are not partially or wholly published without the authorisation of their authors. The same is applied for the reproduction of architectural works through photography, cinema, television or other similar process, as well as for the publication of the corresponding photographs in newspapers, periodicals, reviews, books and texts intended for educational purposes.

In Chile there is an official Copyright Registry, where rights and connected rights may be registered, although actual protection is granted without need of registration.

The owner of copyrights or related rights is entitled to file civil or criminal judicial actions in case of infringement and request the ceasing of the infringer's unlawful activity, as well compensation for the economic and moral damage suffered. Infringers may be condemned to fines and in certain cases even to imprisonment.

vii Microorganisms

Chile is a member of the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure of 28 April 1977, since the publication of Decree No. 81 from the Ministry of Foreign Affairs on 18 November 2011.

According to the provisions of the Budapest Treaty, on 26 March 2012, the Chilean Collection of Microbial Genetic Resources operative unit of the Agricultural Research Institute acquired the status of International Depository Authority (IDA), being the first one in Latin America.

The Budapest Treaty ensures that an applicant for a patent need not deposit the biological material in all countries where patent protection is sought. The applicant needs only to deposit the biological material at one recognised institution, and this deposit will be recognised in all countries party to the Budapest Treaty.

Having accepted a microorganism for deposit, tested its viability and issued the receipt and viability statement, the IDA is obliged to maintain the microorganism according to the provisions of Rule 9, which states:

Any microorganism deposited with an international depository authority shall be stored by such authority, with all the care necessary to keep it viable and uncontaminated, for a period of at least five years after the most recent request for the furnishing of a sample of the deposited microorganism was received by the said authority and, in any case, for a period of at least 30 years after the date of the deposit.

viii Undisclosed information

The important discussion in the past 10 years mainly on pharmaceutical and agro-chemical inventions and their protection, led to include provisions for the protection of undisclosed information in the Industrial Property Law and its several amendments.

This was also the result of more serious and detailed examination for issuing marketing authorisations for new pharmaceutical and agrochemical products by the government authorities in charge, such as the National Health Institute – depending of the Health Ministry – for pharmaceuticals and the similar service for agrochemical products depending of the Ministry of Agriculture. Submission of new products to marketing authorisation implies the filing of sometimes complex, voluminous and expensive scientific or clinical information, normally containing highly sensitive and confidential information, which is essential for the production of the products to be sold. Moreover, this information refers to aspects of a particular product that are not normally disclosed and whose knowledge provides their owners with a competitive advantage that often exceeds the product for which authorisation is requested and may extend to similar products as well.

The law provides several definitions and rules the normal conducts in these cases and, in particular, eventual misconducts.

Probably the most important aspect of these provisions is that they provide for the obligation to the authorities of not disclosing the information filed in the context of the authorisation proceeding for a particular product, during five years for pharmaceutical products and 10 years for agrochemical products.

ix Appellations of origin

Appellations of origin and geographical indications are subject to special protection. In both cases the law protects a name that identifies a particular product as originating in a country, region, territory, when the quality, reputation or other characteristics of the product can be linked to the geographical origin of same.

The Industrial Property Law has included these two figures in the last amendments of the same and has provided a very similar definition for each without elaborating on the differences or rather, on

the rather very special characteristics of each.

Although appellations of origin can be considered an old form of industrial property protection originating mainly in European countries (France, Germany, Italy, Spain, Portugal, etc.) and used mainly for wines, although also for other agricultural products, it was a subject of international discussion at the TRIPS negotiations where it was accepted by some countries but not by others. The compromise seems to have resulted in an attempt to protect geographical indications and to avoid any conflict or confusion with the protection afforded to trademarks.

The international discussion has not yet been concluded.

Chilean law has thus maintained both legal figures, which have been useful in particular for registering a number of new local appellations of origin, as well as for the recognition of well-known foreign appellations of origin and besides, to permit to lawfully deny their registration in Chile as local trademarks.

x Trade secrets

Trade secrets were included for the first time in Chile in Industrial Property Law 19.039, and called 'enterprise secrets'. A trade secret is any knowledge of products or industrial processes that when maintained a secret, gives its holder a competitive advantage.

There are few other provisions directed mainly at the violation of the secret and the unlawful acquisition of the same.

This legal institution is still too new in Chile and evaluation looks premature.

II RECENT DEVELOPMENTS

In the last 10 years, intellectual property policy and administration has reached a good professional level in Chile. Decisions and policies when in line with the obligations of the TRIPS Agreement and thereafter with the several negotiations Chile has undertaken in the framework, in particular of new free trade agreements, has certainly resulted in an important modernisation of the country's intellectual property system in every respect.

This can be noticed in amendments to legislation, in the strengthening and improvement of the administration, in the incorporation of the customs authorities in the struggle against counterfeiting, and in the creation of special branches of the national police to address counterfeiting. These measures have certainly contributed to create better knowledge at the national level of intellectual property and its importance for development, trade and have provoked a broader public discussion on the main intellectual property issues.

On the improvements of the administration of intellectual property, it is interesting to point out two significant facts.

Chile acceded to the PCT in March 2009. On 4 October 2012, the Chilean Patent and Trademark Office was designated as International Searching Authority of Patents and International Preliminary Examining Authority of Patents by the Treaty's General Assembly in Geneva.

When Chile acceded to the Budapest Treaty for the Protection of Microorganisms, the operative unit of the Ministry of Agriculture in charge of the Chilean Collection of Microbial Genetic Resources acquired the status of IDA, being the first in Latin America to be entrusted with these responsibilities.

The above two facts have and are certainly contributing to the further improvement of the country's administration and also to the improvement of the general atmosphere for the respect of intellectual property.

III OBTAINING PROTECTION

As explained in the section on patents, Chilean law provides for the protection of inventions in all fields of technology, with the exception of cases where the law does not consider the subject matter an invention or does not consider the subject matter as patentable.

Moreover, in connection with certain specific matters where sometimes laws may differ, we can

perhaps add the following.

Genetic material and notably isolated DNA sequences are normally patentable in Chile provided they have a function or they are associate to a function.

Genetically altered cells are patentable in Chile since they are considered similar to living beings.

Methods of production in cells, plants animals are normally patentable except in cases when they are essentially biological.

Business methods are not patentable.

Computer software is not patentable in Chile, although it can be protected through copyright.

Methods for treating patients are not patentable.

Patents of use (Swiss-style claims) are accepted and normally used in Chile for protecting 'use' claims in patent applications comprising chemical or agro-chemical compounds, compositions or formulations.

IV ENFORCEMENT

One of the most important innovations of the last amendment of the Industrial Property Law was the inclusion for the first time of the possibility to file civil actions in case of breach of rights protected by the Industrial Property Law. In effect, the last two laws on industrial property, the first dating back to 1931, only established the possibility of filing criminal proceedings that proved to be ineffective for the type of problems arising from the field of industrial property. This happened in part as a result of the drafting of the legal provision as well as of the lack of interest and sophistication of the courts in dealing with these cases. The provisions on the matter were further weakened by the modification introduced by Law 19,039 of 1991 that imposed on the claimant the obligation to prove the breach itself and also the fraud incurred by the defendant, which unnecessarily hindered the possibility of an effective proceeding.

If these matters were less important in the 1930s, when the above first law was promulgated, the development of the industrial and commercial activities in recent years urgently required more efficient legal provisions for the enforcement of industrial property rights.

The provisions of the new law represent evident progress in this field and the practical application thereof should result in the more effective protection of industrial property rights in relation to the increased number of infringements.

The legal framework established by the new law is discussed below.

i Civil actions

In case of infringements to industrial property law rights, according to Article 106 of the new law, holders of these rights shall be entitled to file a civil complaint requesting:

- a cessation of the acts that breach their rights;
- b recovery of damages; and
- c the adoption of necessary measures to avoid the continuance of the breach.

The legislator included a complete array of measures to provide a solution to the problems resulting from a breach. In this respect, the possibility to claim damages is established, which in the past was impossible unless the defendant had first been convicted or at least indicted after a long criminal proceeding.

In order to improve the effectiveness of these actions, in Article 107 of the new law the legislator provided that these actions will follow the rules of a 'summary proceeding' stipulated in the Code of Civil Procedure that is submitted to substantially shorter terms than those of an ordinary proceeding, and whereby results would be obtained within a reasonable time. This aspect is especially relevant when considering that breaches are normally related to economic or commercial activities, when a late decision, even if it is favourable, can become completely useless.

Regarding compensation of damages, Article 108 of the new law entitles the claimant to elect one out of three possible systems for determining its amount, namely:

- a the profits that the claimant has ceased to receive as a consequence of the breach;

- b the profits obtained by the infringing party as a consequence of the breach; or
- c the price that the infringing party would have had to pay to the holder of the right by the granting of a licence, considering the commercial value of the infringed right and the contractual licences that could already have been granted.

The new law also contemplates the possibility of obtaining all kinds of precautionary measures in these proceedings; this involves a clear signal regarding the importance the legislator attaches to this matter that should serve as a support to the courts. The law especially refers to five precautionary measures:

- a order for the immediate cessation of the acts constituting the alleged breach;
- b seizure of the product that is the object of the alleged breach and the materials and means used to commit it. In the case of trademarks, this measure would comprise the seizure of packaging, labels and advertising material containing the trademark that is the object of the alleged breach;
- c appointment of one or more auditors;
- d prohibition to advertise or promote the products that are the cause of the alleged breach in any manner; and
- e retention by a loan institution or a third party designated by the court of the assets, funds or securities originating in the sale or marketing of the products that are the cause of the alleged breach.

The precautionary measures can be required within the framework of the same breach proceeding or as prejudicial measures; in addition, with the same character and by express decision of the law the measures set forth in the Code of Civil Procedure can be applied for.

This set of provisions, which is entirely new in the industrial property legislation, constitutes a sound basis for ensuring the observance of rights regulated by this law and its practical application is expected to demonstrate its effectiveness.

In view of the extremely positive preceding picture, it is difficult to understand the need for the inclusion in the new law of a provision such as its Article 109, which stipulates: 'Without prejudice to the other actions contemplated in this title, the persons having marketed products that infringe an industrial property right shall not respond for damages, unless the same persons has manufactured or marketed the products being duly aware that they were committing a breach of an industrial property right.'

In effect, in the modern business world it seems incredible that a person is able to infringe a patent, trademark or any other industrial property right, without knowing exactly what he or she is doing.

ii Criminal actions

Following the model of the previous laws, the new law also provides rules for a criminal action in case of infringement of property law rights.

As in Law 19,039, the application of these provisions requires in most cases the existence of fraud or the intention to defraud on the part of the assumed infringing party as a circumstance that the holder of the infringed right should first prove, in addition to the breach itself.

As has been mentioned, it is difficult to imagine cases of infringement of industrial property rights, especially patents and trademarks, wherein the assumed transgressor is not clearly aware that his or her action constitutes a breach of a third party's right.

In addition to the above situation, it is pertinent to state that the fines being contemplated, which can be between approximately US\$1,700 to US\$57,000, are virtually symbolic in the business and industrial world, even if the court applies the highest stipulated bracket.

Notwithstanding the foregoing, the new law includes some additional provisions that improve those previously existing and that, in view of their strictness, the absence of exceptions and material consequences could have some dissuasive effect in these cases. There is an express provision in the hypothesis of a breach of patents, whereby the objects illegally produced shall be destroyed and, assuming infringement of a trademark, the objects bearing the forged trademark shall also be destroyed.

However, as already pointed out, the introduction of the possibility to file a civil action and an

immediate claim of damages in cases of breaches of industrial property rights are likely to limit the application of the above-described penal actions to cases of a criminal nature.

V TRENDS AND OUTLOOK

Chilean intellectual property law is undergoing major revision. In fact, on 26 April 2013, the government submitted a new draft Law on Industrial Property to Congress, covering every aspect of the law and introducing several entirely new matters. Discussion on this new draft has taken place mainly during 2014 and 2015, but it is still uncertain when it will be completed.

MARINO PORZIO

Porzio, Ríos & Asociados

Marino Porzio studied law at the Law School of the University of Chile in Santiago and was admitted to practise in 1963.

He also attended the New York University Law School, where he obtained a master's degree in 1965.

He worked at the World Intellectual Property Organization (WIPO) in Geneva, and in several different positions until 1979, when he was elected Deputy Director General, a position he occupied for nine years until 1987, when he returned to Chile.

He was the President of WIPO's General Assembly for the period between 1999 and 2001, and an arbitrator with the WIPO's Arbitration and Mediation Center.

He was also an arbitrator with the World Trade Organization dispute resolution system, having been a member of the panel of neutrals in the complaint of the United States against China on intellectual property rights in 2008 and 2009.

He was a member of the board of the Chilean Intellectual Property Association from 1993 to 2003 and President of the Association between 2004 and 2005.

He is an intellectual property professor at the Law School of the University of Chile and the Law School of University Diego Portales.

He speaks Spanish, English, French, Italian and Portuguese.

PORZIO, RIOS & ASOCIADOS

Av. Cerro El Plomo 5680, 19th floor

Las Condes

Santiago

Chile

Tel: +56 2 2729 06 00

Fax: +56 2 2729 06 01

mporzio@porzio.cl

www.porzio.cl