

IP Newsletter

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SUPPLEMENTARY PATENT PROTECTION

- During the last couple of months, the Industrial Property Court (IPC) has issued several interesting rulings regarding Supplementary Patent Protection requests (Patent Term Extensions).

In File Case N° 566-2013, the IPC re-affirmed its previous tendency of establishing that only that time beyond the fifth year of patent prosecution can be compensated with an extension, even if there were unjustified administrative delays within the first five years of prosecution.

Following this same logic, the IPC also ruled in late December of 2013 in Case File N° 173-2013 that a Supplementary Patent Protection request could not be granted for a case where the prosecution of the patent from the date of the request for Examination until grant exceeded 3 years, as it is established in the Law, unless the whole prosecution lasted for over 5 years.

We do not agree with this ruling and will be closely following a couple of Supplementary Patent Protection requests that are still pending before the IPC and that specifically deal with this issue.

The IPC has also continued to allow Supplementary Patent Protection requests for patents filed before the legal amendment of 2005, despite the opinion to the contrary of the Chilean National Institute of Industrial Property. This standard has been upheld in every case where it has been an issue and seems to be a resolved matter.

Additionally, in several cases, the IPC has reasoned that when judging if a delay is justified or unjustified, it is relevant to look at the attitude of the applicant during prosecution, and that absence of requests prompting the progress of the examination and grant of the application, will allow treating the delays in said case more leniently.

From the perspective of the criteria to qualify which delays in the prosecution are justified, the IPC has also affirmed in several cases its previous criteria that a delay of over 6 months in the appointment of the Examiner, and in the service of her report to the applicant, was an unjustified administrative delay. In some of these decisions, the IPC extended the amount of time it believed was justified for these delays to 1 year, if during the prosecution of the application the applicant had requested an extension to file her response to the Examiner's report. The rationale of the IPC is that if the applicant requests this extension, such is an indication of the complexity of the matter and then that is justified for the National Institute of Industrial Property to take a similar amount of time to prepare its further resolution.

We strongly disagree with this criteria, as there are multiple reasons why an applicant might request an extension to respond to the Examiner's report and many, if not most, are not related to the complexity of the invention. It will be interesting to follow in the coming cases whether this criteria is affirmed.

Finally, in Case File N° 801-2013, the IPC resolved that the National Institute of Industrial Property could only take two months to acknowledge the filing of a patent opposition and that any further delays were unjustified.

THE PATAGONIA CASE AND THE POWER OF SOCIAL NETWORKS

- Patagonia Inc., a U.S. Company, filed an application for the extension .patagonia and in the end abandoned the petition due to public disapproval expressed through social networks.

In the context of the creation of new domain name extensions or new GTLDs, (Generic Top Level Domains) the U.S. Company Patagonia Inc., famous for its outfits and sportswear clothing, filed an application for the extension .patagonia in its name.

The reaction in Argentina and Chile was instantaneous and many voices rose against the request of the U.S. Company. The opposition was essentially grounded on the fact that PATAGONIA is the name of a geographical area of the world that would not be represented by this private company, especially since Patagonia Inc. had not even requested authorization from the Argentinian or Chilean governments.

Social networks supported this opposition movement. A Facebook group was created <https://www.facebook.com/groups/noapuntopatagonia> and nearly 2,000 members were against the granting of the new domain name extension to Patagonia Inc. The same occurred in the open ICANN website, where any person can give its opinion about creating some of the new requested extensions. More than 1,000 remarks were made about this case, almost all of them against the petition of the U.S. Company.

In the midst of this media frenzy, Patagonia Inc. chose to abandon its application on July 9, 2013, releasing .patagonia, which will remain without a firm destination at least in this round of new GTLD registrations.

This case leads us to ponder two fundamental issues:

i. First, considering the explosive and overwhelming development and scope of the global network, it is increasingly important to protect online all the names that constitute an identity, whether of an individual, company or a community, which includes, personal names, names of territories, trademarks, etc.

ii. Second, the power that a community of people, gathered via social networks, can have on a particular event and the huge diffuser effect these networks have on particular interests, collected through them.

SPORT EVENTS, SPONSORS AND AMBUSH MARKETING

- The terms “sponsors” and especially “official sponsor” are very common during sports events, such as the World Cup 2014, and can be associated to a practice known as ambush marketing, an advertising strategy of associating a trademark without authorization to the sports events.

In every show and event, especially in sport events like the next World Cup Brazil 2014, it is common to hear the terms “sponsors” and especially “official sponsor”.

What do these terms mean? It is quite simple, as a general rule, in a determined category of products and services; only one brand is authorized by the organizer to associate itself to the show. Trademark owners are willing to pay substantial amounts of money to advertise their brand as “the trademark of (...)” for a period of time, excluding others.

However, it is very usual to encounter trademarks that are “NOT official sponsors”, but are associated, either more or less directly, with the same shows and events. The strategy of associating a trademark without authorization (and not paying) with an event is known as *ambush marketing*.

The legitimacy of this advertising strategy has been debated for years, and many of the cases are decided on a *case by case* basis, because there are not specific regulations concerning this practice.

There are arguments for and against this advertisement strategy. Some people argue that the “*exclusivity*” is a contractual relationship, unenforceable against third parties, others point out that the use of third parties’ *goodwill* could, depending on the case, constitute acts of unfair competition and that misleading advertising prevails over contractual provisions.

The question about the ownership of the IP rights is relevant in this matter, since the owner is entitled to prevent the association of the brand or trade name and is legally entitled to complain for the unauthorized use of the IP right and request payment the association.

In Chile the cases of *ambush marketing* that have been known and decided by authorities are very few.

However, it is worthwhile mentioning a case discussed before the Chilean Advertising Board, where a trademark of a non-official beverage was associated to the Chilean Football Team using elements of the goodwill of the Chilean Association of Professional Football (“ANFP”) that the official sponsors had coined for the advertisement campaign. The Chilean Advertising Board ruled that this was a case of *ambush marketing*, because it leads consumers to conclude, mistakenly, that the beverage trademark was an “official sponsor” of the Chilean Football Team, although the beverage trademark had not acquired a license to use that *goodwill* (Case No. 758).

It is interesting to mention that in the referred case, the claim was filed directly by the “official sponsors” of the Chilean Football Team and not by the ANFP. Notwithstanding, it usually is the organizer of the event, who has invested in the promotion and holds the *goodwill* and the ownership of the rights, who exercises the legal actions directly or through its appointed representatives.

CONTRAST OF THE CRITERIAS APPLIED TO DETERMINE LIKELIHOOD OF CONFUSION BETWEEN TRADEMARKS THAT PROTECT PHARMACEUTICAL PRODUCTS

- The standard criteria of INAPI (National Institute of Industrial Property) to determine likelihood of confusion was stricter for trademarks that protect pharmaceutical products. However, in a recent and radical decision, INAPI ruled that there was no need to apply stricter criteria regarding these trademarks.

The standard criteria of INAPI and of the Industrial Property Court (IPC) for determining likelihood of confusion of trademarks that protect pharmaceutical products had generally been stricter than for products protected in other classes. The underlying reason is that given the nature of the products actual confusion could harm the health of the buyers.

Before the amendment of the Industrial Property Law in 2005, the appeals were decided by an Arbitration Court of Industrial Property. In 2000 this Court rejected ALGIMIGRAN for pharmaceutical products based on trademark IMIGRAN registered in the same class, ruling that “*The error or confusion between products in class 5 involve more serious and irreparable risks, which could result from mistakes concerning products of other classes...*”

This criteria was also adopted in 2009 by the IPC stating that “*the application for SELECTIV and the registered trademark SLECTOL have similarities that are confusing and misleading. Also it should be considered that both trademarks protect products intended for the care of human health, so the granting of these marks requires more caution*”.

Over time this criteria that seemed to be unquestionable has changed.

The first sign was the acceptance by the Trademark Authorities of the coexistence of trademarks with common prefixes or suffixes in class 5, provided that their scopes of protection were perfectly defined or limited. In other words, two similar trademarks were allowed to coexist if (for example) one of them protected pharmaceutical products for human use and the other one pharmaceutical products for veterinary use.

However, on April 10, 2013 (ruling No. 160.821) INAPI made a radical decision declaring that “*... their coexistence (trademarks) in markets where the sale takes place behind a counter or through a trained professional prevent an average consumer from making a wrong interpretation of the connection between the trademarks ... and therefore prevents likelihood of confusion between trademarks with small differences*”.

In other words, INAPI takes for granted that buyers do not make their own decisions regarding the purchase of pharmaceutical products and that these decisions are made by doctors or pharmacists who can never be confused by similar trademarks and that prescriptions are “*fool-proof*”.

Following this new criteria INAPI is considering that the pharmaceutical industry is regulated and it has no saying in regard to the trademarks that protect the products. In this market the doctor and the pharmacist are the “*professional buyers*” and they will prevent the risk of confusion between similar trademarks. However, INAPI’s decision fails to explain what happens with some pharmaceutical products that are sold directly and without assistance of “*professional buyers*”.

It must be noted that ruling No. 160.821 has not been confirmed by the IPC. If the ruling is confirmed pharmaceutical products will be considered as other products and INAPI will require a higher standard to determine that there is likelihood of confusion.

ISPS LIABILITY FOR DEFAMATION: FROM SHOOT THE MESSENGER TO DON’T SHOOT THE MESSENGER

- The change of standard can be explained as a consequence of the exponential growth of Internet and increasing volume of the contents that makes examination of information by ISPs impractical.

To function, the Internet requires the existence of service providers (ISP), either for connectivity or to host and transmit contents. Without them, the Internet as we know it would be unconceivable. Therefore, the level of responsibility that ISPs hold for the circulation of injurious contents, posted by external users through their infrastructure, is a paramount question.

In Chile, slander and libel are criminal infringements. More so, the Constitution states that “*the respect and protection of private life and honor of every individual and family*” is a fundamental right. But, what happens when the Internet is the channel through which these acts of defamation take place? Who is responsible, then? Chilean legislation does not provide concrete answers, but in the past 15 or so years the Courts have dealt with this issue, arriving to patently different conclusions.

The first relevant case in relation to ISP’s liability was *Fuentes Siade v. Entel S.A.*, decided by the Court of Appeals of Concepción in 1999. An offer for sexual services was posted on the products and services section of web page www.entelchile.net, owned by Entel S.A. The message included the name and telephone number of an underage girl who was not the actual poster. Her family received numerous obscene calls, forcing them to cancel their telephone service. The family filed a constitutional action requesting to declare Entel responsible for the post that resulted in a violation of the physical and moral integrity of the girl and her family. The plaintiffs requested the Court to order the immediate removal of the message and any other associated content; to assure that new messages posted in this web page would identify the senders; and to take all necessary measures to protect the petitioners’ rights.

At that time, the Court ruled that ISPs were responsible of overseeing the morality and legality of contents hosted or transmitted by them, even if they were originated by third parties, the principle being that they are liable for infringing contents, if they knew or should have known of the violations. Therefore, in its first relevant decision the Court decided to “*shoot the messenger*”.

This standard appears to have suffered a modification according to recent decisions. In the last year, the Courts of Appeals have ruled three different constitutional actions against Google. Plaintiffs filed a suit against Google for the existence of injurious contents and private information upon searching for their names in this search engine. The Courts stated in all these cases that Google was not accountable for the contents published by third parties, as it was merely offering a platform for their publication.

This change may come as a consequence of the exponential growth of the Internet and that the extreme volume of the contents makes examination of every packet and piece of information by ISPs unpractical at the very least.

It is worth noting that this latter criterion seems to have become standardized for other areas of law as well, besides defamation. This can be appreciated in the recent incorporation of new provisions in the Intellectual Property Law that exempt ISPs of liability for copyright infringements and in a landmark decision recently confirmed by the Court of Appeals of Santiago, in a trademark infringement case also involving Google.

Therefore, the current standard would be that, in general, those who provide neutral platforms for the publication of information will not be liable for infringements caused by such information or by its posters, which could be a modern way of saying “*don’t shoot the messenger*”.