

# IP Newsletter

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## RECENT PATENT CASES AT THE INDUSTRIAL PROPERTY COURT

- During this first semester, the Industrial Property Court has decided cases regarding the following issues:

### DIVISIONAL APPLICATIONS:

In the case file N° 54-2013, application N° 1619-2009, the Industrial Property Court reviewed the correct application of divisional applications. In this ruling, the Court confirmed the understanding of articles 49 and 50 of the Regulations of the Industrial Property Law in that a divisional application can be filed after the date of Issuance of the Examiners Reports only if the Examiner has suggested the division of the application either expressly or implicitly by raising a lack of unity of invention objection. This decision is in line with the practice of INAPI and patent applicants are therefore advised to keep it in mind if they want to divide the application, to do it before the first Examiner's report which is customarily issued between 1 year and 18 months after the filing date.

### PRECAUTIONARY MEASURES AVAILABLE IN PATENT CANCELLATION PROCEEDINGS:

In another relevant decision, case file 2839-2014, application N° 2761-1999, Patent 49.960 which concerns the blockbuster drug Celecoxib, the Industrial Property Court resolved that during a cancellation action of a patent, the plaintiff could not request as an interim precautionary measure to suspend the effects of the challenged patent, i.e. patentee's ability to enforce its patent. The Court ruled that the object of these measures was to secure the results of the action, which in the case of a cancellation action is fulfilled as of the moment it is formally served to the patentee. Furthermore, the Court stresses that the arguments filed by the plaintiff for this interim measure were only foreign law and doctrine. Thus, the Court considered that suspending the effects of a patent while the cancellation proceeding is pending was to anticipate the effects of a possible decision.

### GRACE PERIOD RULES:

In a third relevant decision in the last couple of months, in Case File N° 1756-2013, application N° 803-2010, the Industrial Property Court resolved (thus confirming the general understanding), that all the documents evidencing the disclosures for which the grace period is asked for must be filed along with the patent application. Additionally, the decision resolved that for this matter to be reviewed on appeal, said recourse had to be filed against the specific resolution of INAPI that denied the grace period request and not via appeal recourse against the final decision of INAPI. The case is still pending of a final ruling as the applicant lodged an Annulment Recourse

against the decision and it will thus be reviewed and resolved by the Supreme Court.

## NOVELTY, INDUSTRIAL DESIGNS:

Finally, in case file N° 1749-2013, application 2039-2006, the Industrial Property Court correctly ruled that an application of an Industrial Design complied with the novelty (features) as long as no single document by itself anticipated all the features of the design. Therefore, the analysis regarding Industrial Designs cannot be done on the basis of teachings and suggestions from several prior art documents together, but rather have to be done so on a separate basis. This decision was the object of an Annulment Recourse and will thus be reviewed and resolved by the Supreme Court.

## TERMS AND CONDITIONS OF USE OF WEBSITES

- **The terms and conditions of use of websites establish the provisions that rule the contractual relationship between providers and consumers.**

The Internet is a place that allows the interaction of providers and consumers from anywhere in the world. The successful result of such a reunion might involve the execution of a contract by electronic means for the acquisition of goods or the provision of services offered at the supplier's website.

In this sense, the terms and conditions of use of a website shall primarily establish the provisions that will rule such contractual relationship. Materially, they will be the content of the contract of adherence that the consumer shall accept in order to receive said goods or services.

Notwithstanding Internet's globalism, and just like written contracts, those executed by electronic means will be ruled by the legislation of a determined country. Normally, the provider will tend to establish in his terms and conditions that the applicable law shall be the one where his headquarters are located. However, in Chile there are strict rules that are not waivable in advance by the consumers, specially referred to the form in which their acceptance shall be validly configured, the applicable jurisdiction and the nullity of provisions that might be considered abusive.

For instance, the mere visit of a web site that offers access to certain services imposes no obligation to the visitor unless he has unequivocally accepted the conditions proposed by the provider. This implies to the latter the duty of granting in a previous manner a clear, comprehensive and not deceitful access to the general conditions of the contract and the possibility to download or print it.

Also, stipulations that contain absolute limitations of liability or grant one party the ability to rescind the contract or modify it at its sole discretion, among others, shall not be effective.

On the other hand, regarding the matter of jurisdiction, if it's not possible to determine the place of execution of the contract, the laws of the country where the consumer resides will apply.

The sanction that Chilean law establishes to the inobservance of legal provisions of such nature is the nullity of the affected clause. The contract might subsist with the other provisions unless it's not possible according to the nature of the same or considering the original intention of the parties. In that case, the integrity of the contract will be null.

In such considerations, it is not recommendable to apply the same terms and conditions of use of a website to all users abroad, but to adapt them according to the local regulations of each country instead.

In this manner, the provider can anticipate the contingency and avoid proposing contractual conditions to the public that, even if accepted by consumers, would not produce effects or might be declared null.

Finally, bear in mind that since 2010 the referred rules also apply to contracts executed between micro or small enterprises and its providers.

## THE IMPORTANCE OF DETERMINING THE RELATION BETWEEN THE SCOPES OF PROTECTION OF CONFLICTING TRADEMARKS

- **The Supreme Court has recently rendered decisions that analyze the protection scope of the trademarks and how the relation between them must be grounded on arguments that consider different factors.**

In recent different decisions the Supreme Court has referred to the "*specialty principle*", that provides that a trademark protects specific products and services within a certain class. This is the general rule in Trademark Law.

An exception to the "*specialty principle*" is the relation between the scopes of protection, which must be grounded on arguments that take into account the use and reality of the market, the purpose and nature of the products, channels of distributions, consumers of the products and services, if the entities involved are competitors, etc.

The Supreme Court has indicated that the examination of the protection scopes cannot be limited to the number of the class involved, it must refer to the specific products or services within that class. The fact that two trademarks share the same class of the International Classification System, does not immediately imply that there is a relation between their scopes of protection, it will be necessary to examine the specific products or ser-

vices that each trademark protects. This criterion is a definite change of the former jurisprudence, that considered that if two trademarks were in the same class, it was enough to infer that they could not coexist if they were similar.

In one decision the Supreme Court ruled that “... to determine if there is a relation or similarity between the protection scopes of the trademarks of this case, it is not enough to establish that there are in the same class, but that in accord with the “specialty principle” it is necessary to refer to the nature of the products and services to establish a possible connection....”.

In this particular case (Court Number 30.338-2014) the Supreme Court confirmed that although the trademarks protected products in the same class 29, their protection scopes were limited and there was no risk of likelihood of confusion.

The application protected “*edible olive oil, edible grape oil, edibles oils and fats, class 29*” and the registered trademark protected “*dairy products in general, such as lactic protein, milk serum, milk in all its forms, milk protein preparations, etc., class 29*”.

The Supreme Court correctly concludes that the examination of the protection scopes cannot be a simple matter and that the decision must consider the nature, distribution channels, uses and purpose of the protected products. Only after a thorough analysis, that considers all the aforementioned factors and in some cases also the parties involved (Natural Oils S.A vs. Cooperativa Agrícola y Lechera de la Unión Ltda) because it indicates that the companies participate in different markets, can the Court render a grounded decision regarding the protection scopes of the trademarks in conflict.

In short, the Supreme Court describes the specific factors that must be considered to explain this special category of the relation of protection scopes. Considering its relevance for Trademark Law, it cannot be limited to a mechanical examination that does not take into account the reality of the market place.

## DOMAIN NAMES: INNOVATING WITH THE ELECTRONIC PROCEDURE

- The new Domain Name Regulation that entered into effect on December 1, 2013, introduced a radical change to the traditional procedure law, creating a virtual platform called “*electronic file*”.

The new Domain Names Regulation entered into effect on December 1, 2013, and incorporated substantial modifications regarding the resolutions of the controversies generated by the registration of domain names. This new Regulation not only innovates in oppositions against domain names registrations, but

also introduces a radical change to traditional procedure law and trials in Chile.

NIC-CHILE has established with this new regulation that the “*cancellation action procedure*” must be handled through a virtual platform called “*electronic file*”. Thereby, the Domain Name Dispute Resolution Policy .CL establishes that “*the controversies subject to arbitration according to the present Policy will be handled exclusively by electronic means via internet. The procedure and arbitrator and parties proceedings will be expressed by electronic means, unless its nature or volume requires another support*”.

Although this new procedure entered into force at the end of 2013, it was not until mid-2014 when the first electronic files were created and the first cancellation actions were filed under this new system. This has clearly signified a challenge for the parties of the conflict, as well as for the arbitrators that have lead and solved these conflicts, without any kind of precedent. During this period, the parties have included changes to adapt the system to their needs. Additionally, it is evident that the implementation of this new electronic system will provide more incentives and procedural alternatives, specially considering that the judges are arbitrators.

Furthermore, this Regulation that rules Domain Names incorporates very general and bounding procedural provisions, that apply by default our common legal system. This has generated that all parties involved in the process must adapt the existing laws of our country to this new procedure, that unlike the traditional procedural law, does not contemplate papers, stamps nor on-site participation facing a court.

Thus, it has been interesting how some proceedings have been carried out, since some of them have been conceived for a face to face handling, like the local mean of providing evidence: Inspection by the Court. Our Civil Procedure Code establishes that Inspection by the Court must be “*appointed a day and time to practice it, with due anticipation, in order that parties can concur with their attorney*”.

Continuing with the idea mentioned above, in the domain name cancellation action against *pullmanturcruzero.cl*, with two plaintiffs Pullmantur S.A. and Pullman Cargo S.A. Pullmantur S.A. requested an Inspection by the Court of some web sites, to corroborate that their activity was being currently offered in the market and befitted precisely to “*cruise services*”, which generated even a greater entailment with the disputed domain name. The arbitrator, addressing the request and with the intention of complying with the general norms, appointed a day and time so the parties could concur to the inspection, but virtually through Skype.

The Inspection by the Court was carried out with the parties that wished to concur via Skype, having a say and comment about the important aspects of the web sites that were the sub-



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ject of inspection, with the participation of the arbitrator, who took the corresponding notes. The Inspection complied with the Civil Procedure Code requirements, but innovated incorporating new methodologies to obtain the same results.

In conclusion, this one year old procedure is currently being adapted by the parties that use it, but it is the most adequate channel to combine our current law with new technologies. Probably in the next few years domain names disputes will discover and explore many other alternatives regarding how to handle a new and essentially electronic procedure. In any case, it is precisely in a subject like domain names where innovation can play its part, and let the door open to new procedures in other areas of law.