

# IP NEWSLETTER

JUNE 2020



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### **Measures taken due to COVID-19**

On April 2, 2020, due to the health contingency caused by the arrival of COVID-19 in Chile, Law 21.226 entered into force, which establishes an exceptional legal regime for judicial processes, hearings, judicial actions and deadlines.

#### **a) Proceedings Before the National Institute of Industrial Property (INAPI).**

All the deadlines that originally expired between May 1 and May 15, 2020, both dates included, have been extended by half of the original term, in accordance with the provisions of Article 26 of Law 19.880, that establishes the basis of the Administrative Procedures governing the Acts of the State Administration. This extension does not apply to those deadlines that were already extended by Exempt Resolution 314 of 2020 (deadlines that originally expired between March 17 and April 30, 2020).

In addition, Circular N 398, in accordance with Law 21.226, established that any hearing to be held in the context of judicial proceedings before INAPI will be suspended and rescheduled for the earliest possible date after the Constitutional State of Exception ends.

Furthermore, evidentiary terms have been suspended until ten working days after the Constitutional State of Exception ends (decreed on March 18, 2020 for a period of 90 days), provided that as of April 2, 2020 they had already been initiated or would have started during the course of the Constitutional State of Exception.

#### **b) IP Infringement Proceedings.**

In early April 2020 the Supreme Court issued Act No. 53-2020 upon which the suspension of hearings was regulated. However, it also established the possibility to hold hearings remotely:

*“Article 6. Use of electronic means. To ensure access to justice, due process and safeguard people's health, the Judiciary will endeavor to use all the technological means available to it, favoring its flexible, updated and timely use, as long as it does not constitute an obstacle to the exercise of the basic principles that have been stated, and that the rights of the parties and parties are fully respected ...”.*

Most of the hearings taking place regarding IP infringement cases have been suspended, particularly in cases being prosecuted on criminal grounds. This is due to the fact that persecutors and the Criminal Courts have prioritized cases related to other types of crimes and, also due to the increased workload they have had to face for crimes related to the pandemic, such as robberies, family violence, rapes and others.

However, Criminal Courts of some cities such as Santiago and Valparaíso have recently started to schedule hearings to be held remotely through ZOOM. Some Courts have chosen to provide a session number for those interested to connect to the "virtual" courtroom on the day of the hearing, while in others, the Court clerk sends the parties a connection link in advance.

Most of these hearings are related to prejudicial instances such as the increase of the investigation period, the formalization of the defendant (step in the criminal procedure in which the prosecutor "formally" communicates to the defendant the grounds of the criminal investigation being carried out against them), the application or withdrawal of precautionary measures (such as the seizure of infringing goods), closure of the investigation period, among others.

Nevertheless, to this date, no hearing for the preparation of a criminal trial (wherein the evidence must be rendered) or trial hearings have taken place on IP infringements matters. We will see whether the Courts continue to postpone these kinds of hearings or, if the case warrants it, that a more complex hearing, for example, where it may be necessary to submit evidences or to hear the testimony of a witness, may in fact be conducted remotely.

### **Resolution No 896 of the Chamber of Deputies.**

During March of 2017, the Chamber of Deputies approved Resolution 896 which refers to Compulsory Licenses in relation to the Coronavirus pandemic.

The legal grounds upon which the text is structured, are previous Resolutions of the WHO, the Chilean Constitution (rights to life and healthcare) as well as the corresponding articles of the Chilean Industrial Property Law relating to Compulsory Licenses.

The Resolution states that the current sanitary crisis risks the health of the Chilean population, which constitutes sufficient justification for the issuing of Compulsory Licenses to ensure access to vaccines, medications, medical devices and other technologies necessary for the surveillance, prevention, diagnosis and treatment of Coronavirus. It also asks the Ministry of Health to declare the existence of a public health emergency situation, which will permit requesting a Compulsory License over any patent or pending application covering said products and technologies.

It should be noted that according to Chilean Law, this declaration of the Ministry of Health is a condition precedent to the request of a Compulsory License in a subsequent contentious administrative procedure before the National Institute of Industrial Property (INAPI).

The Resolution then requests the Ministry of Health to instruct the National Procurement Institution to inform about all the available vaccines, medications and medical devices that may be of use in the crisis and also to instruct INAPI to inform about all patents and pending applications that could affect the import and manufacturing of vaccines, medicines and medical devices related to Coronavirus.

As can be gathered from the previous paragraphs, the purpose of this Resolution is to prepare the field for an eventual massive licensing or “blanket license” over patents and pending applications covering products or technologies potentially useful to address the crisis.

As of the date of this Newsletter, the Ministry of Health has not yet issued any opinion on this Resolution, less so the public health emergency declaration he was asked for.

### **Relevant Patent Decisions.**

There have been a couple of interesting patent decisions rendered by the National Institute of Industrial Property (INAPI) during the first couple of months of this year.

First of all, in a cancelation action procedure, INAPI accepted an argument by the patent holder requesting the cancelation action be declared abandoned for not complying with the deadline to pay the corresponding government fees. The Law in Chile does not expressly state when the Examiners fees have to be paid in a cancelation action procedure, but INAPI accepted the patent holder’s argument that the general rule of payment for applications should be applied in this case and since this deadline had not been met, they proceeded to declare the cancelation action abandoned (Resolution issued on the 22<sup>nd</sup> of April of 2020, case file N° 2019-3).

In a second case, INAPI resolved that a letter from the Editor of a Scientific Journal was sufficient evidence to overturn the alleged public disclosure date of a scientific paper published in said Journal and therefore ruled that said document was not prior art in relation to the application. In essence, INAPI considered that the date on which the Journal itself was published was the disclosure date regardless of the date included in the scientific paper itself (This decision was issued on the 21<sup>st</sup> of April of 2020 and the relevant parties were Shire Human Genetic Therapeutics, Inc with ASILFA, case file N° 5916).

### **Relevant Trademark Decision.**

On April 15, 2020, the Industrial Property Court rendered a decision in the cancellation procedure against the trademark BANANA BOAT to distinguish “*sunglasses*” in class 9. The decision is relevant, since beyond recognizing the fame and reputation of BANANA BOAT, it establishes important guidelines when comparing the scope of protection between two trademarks, concluding that, in this case, there would be a relationship between classes 3 and 9.

The National Institute of Industrial Property (INAPI) initially rejected this cancellation action, because it considered that there was no relationship or even connection between the sunscreens, sunblock and skin lotions comprised in class 3 covered by the well-known trademark BANANA BOAT and the sunglasses comprised in class 9. Therefore, they concluded that these trademarks could coexist in the market under the Trademark Specialty Principle.

The Industrial Property Court reversed INAPI's decision, ruling that to determine the collision or relation between two classes, not only the nature or intrinsic characteristics of the products should be considered, but also factors such as their purpose, consumers' perspective and the marketing channels.

Accordingly, the Industrial Property Court concluded that sunglasses are not only a fashion or clothing accessory but just like sunscreens, they play an essential role in people's health, which is the protection from UV radiation. Furthermore, the decision stated that there is a likelihood of confusion and association for consumers. (This decision was issued on the April 15, 2020 and the relevant parties were Edgewell Personal Care Brands LLC with José Antonio Francisco De Pablo Junqueras, case file N° 1121-2019. The defendant has filed an Annulment recourse, which is awaiting the Court's admissibility examination).

### **Coexistence agreements in the Chilean Industrial Property Law.**

According to the Chilean Industrial Property Law, the National Institute of Industrial Property (INAPI) is the technical body in charge of analyzing trademark similarity and ensuring that there is no confusion for consumers.

In this sense, the role of INAPI is not limited to protecting the rights of the trademark owner, but also the market in general, ensuring that consumers are not induced to deception, error or confusion.

Our Industrial Property Law establishes that coexistence agreements are a way to avoid confusion, stating that "*... the Institute may accept trademark coexistence agreements provided that they do not violate rights previously acquired by third parties or are not misleading to the public consumer*".

With this scenario, although coexistence agreements are recognized under the Chilean law, they are not binding for INAPI. In other words, coexistence agreement can be refused if INAPI concludes that there is a risk of confusion, error or deception for consumers.

This criterion has been confirmed through several decisions that have concluded that, although the parties may have reached an agreement, the protection of consumers must necessarily prevail.

Applying this criterion, the Industrial Property Court rejected an application for ZIPPER based on a prior trademark registration for VON ZIPPER: *"... between "ZIPPER" and "VON ZIPPER", there is a relationship of the scopes of protection especially between software and computers, and, graphic and phonetic similarities, because the distinctive element of the signs is identical, all of which, leads these judges to confirm the first instance decision in the sense of protecting the public interest committed in avoiding confusion, error or deceit in the consumers, beyond the coexistence agreement reached by the parties"*.

The same criterion was applied for the rejection of the trademark SMARTRACK due to the existence of a prior trademark registration for SMARTRAC, stating: *"... the coexistence agreement between the parties, is not decisive litis, since its existence does not dilute the phonetic identity and almost identity of scopes of protection, previously analyzed and that found this ruling. This Court must also protect consumers from the risk of confusion and cannot be guided solely by the claims of the parties"*.

In view of the above, coexistence agreements may constitute a useful element to overcome some obstacles that may arise during the trademark registration procedure, but in Chile it should be especially considered that they are not binding and may be refused by INAPI on grounds that the trademarks are confusingly similar and there is a risk of confusion for the consumers. (The cited decisions were issued by the Industrial Property Court in case files N° 2186-2018 and 2065-2017).

### **Domain Name Dispute Before World Intellectual Property Organization (WIPO).**

In view of the existence of the domain name "tayu1865.com", which was also for sale, Viña San Pedro Tarapacá S.A., owner of registrations and applications in Chile and abroad of the trademarks "TAYU" and "1865", filed a complaint before the WIPO Arbitration and Mediation Center on March 5, 2020, mainly based on the fact that the domain name "tayu1865.com" was composed of two of its trademarks, and thus requested the assignment of the domain name in dispute.

Viña San Pedro Tarapacá S.A. was able to prove (i) that the domain name is identical or confusingly similar to their trademarks; (ii) that the Respondent had no rights or legitimate interests in respect of the disputed domain name; and (iii) that the disputed domain name had been registered and/or used in bad faith by the respondent, in particular in view of the fact that it was for sale. On April 29, 2020, the WIPO Arbitration Panel ruled in favor of the complainant and ordered that the disputed domain name be assigned to the complainant.

Our Domain name Department at Sargent & Krahn has an important experience in domain name cases, both locally before NIC Chile, and for international domain names before the WIPO.

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