

**INTA's Comments on the Modernisation of the trade part of the EU - Chile Association Agreement  
(EU-Chile Free Trade Agreement),  
EU's Textual Proposal for an Intellectual Property Chapter  
April 2018**

## **Introduction**

The negotiation of Free Trade Agreements (FTAs) provides an excellent opportunity to ensure adequate and effective protection of trademark rights on a bilateral and multilateral basis. Not only do they reemphasize the need for full implementation of the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), FTAs also raise the level of protection and enforcement globally through state-of-the-art standards, ensuring intellectual property protection contributes to employment and keeps pace with the rapid changes in technology.

The International Trademark Association (INTA) would like to respectfully submit comments on the EU's Textual Proposal for an IP Chapter on the EU-Chile Free Trade Agreement, publicly available on April 2018.

### *About INTA:*

Founded in 1878, INTA is the world's oldest and largest brand owners association. With a membership of over 7,200 companies, INTA represents over 31,000 trademark professionals in diverse capacities: multinational corporations, businesses of all sizes, law firms and other professionals, academic institutions, and not-for-profit organizations from 190 countries. The mission of INTA is to encourage and support best practices and excellence in the field of trademarks and intellectual property, and protection of rights for brand owners and consumers, as well as foster economic growth and innovation through awareness of the importance and development of brands. INTA is dedicated to the support and advancement of trademarks and related intellectual property rights as elements of fair and effective national and international commerce. To achieve this goal, INTA recently unveiled its new Strategic Plan. The 2018-2021 Strategic plan is articulated around the following areas namely: 1) Promote the value of trademarks and Brands, 2) Reinforce Consumer Trust and 3) Embrace Innovation and Change.

## Comments and suggestions

### Absence of articles or provisions

#### 1. Scope of protection

**1.1 Finding:** There is no article on the scope of protection.

**1.2 Proposal:** Based on the INTA FTA model it is recommended adding an article on the scope of protection stipulating that a broad and expanded scope of protection of subject matter should be reflected under trademark protection, in particular for non-visible signs, or signs that are beyond traditional word or logo trademarks such as single color, combination of colors, three dimensional shapes, sounds, smells, and touch marks, among others, to market and identify their products.

#### 2. Comparative advertising

**2.1 Finding:** There is no provision on the comparative advertising.

**2.2 Proposal:** It is recommended adding an article on the comparative advertising, stipulating that each Party in the FTA shall allow comparative advertising so long as such advertising exists within a framework which:

- a) Prevents comparative advertisements that are explicitly or implicitly false or misleading or cause a likelihood of confusion or association with the marks or trade names of competitors, or otherwise violate principles of fair competition;
- b) Provides effective enforcement mechanisms including preliminary and permanent injunctions, corrective advertisements and damages against false or misleading comparative advertisements; and
- c) Encourages self-regulatory mechanisms if possible.

#### 3. Licensing

**3.1 Finding:** There is no provision on the trademark licensing.

**3.2 Proposal:** It is recommended adding an article on the trademark licensing providing that:

- a) Each Party may require recordation of trademark licenses, and non-recordal of licenses shall not affect the validity of the registration of a mark or the protection of a mark that is the subject of a trademark license.
- b) FTA shall provide that sublicensing is permitted.
- c) The FTA should provide also that failure to record assignment shall not affect rights in mark and the ability of exclusive licensees to bring suit.

#### 4. Prohibition of notarization

**4.1 Finding:** There is no provision on the prohibition of notarization

**4.2 Proposal:** It is recommended adding an article providing that no Party shall require notarization or legalization of evidence submitted in administrative appeals or other proceedings.

## **5. Domain name**

**5.1 Finding:** There is no provision on domain names on Internet.

**5.2 Proposal:** It is recommended adding an article providing that:

- a) each party shall include provisions recognizing that domain names as addresses on the Internet are capable of functioning as trademarks and that the assignment of domain names and use of domain names without sufficient regard to the rights of trademark owners can result in the infringement of trademark rights.
- b) provide an appropriate procedure for the settlement of disputes, based on the principles established in the Uniform Domain Name Dispute Resolution Policy (1999).
- c) each party shall require a mechanism which shall include: (a) provisions that prohibit and provide sanctions against cybersquatting; (b) clear remedies for trademark holders, including the availability of injunctive and other appropriate relief; (c) to the extent that they are recognized in relevant jurisdictions, protection to the public interest, including the legitimate uses of domain names that meet fair use/freedom of expression standards; and (d) specific requirements that the Party's Network Information Centers (NICs), its affiliated organizations and parties operating under contract with them make available to the public complete lists of the domain names in a database format that is accessible through existing commercial or private computer search techniques.
- d) Each Party shall require that the management of its ccTLD provide online public access to a reliable and accurate database of contact information of domain name registrants. There shall be open access to ownership information for every domain name in every Top-Level domain registry via a publicly accessible Whois database for addressing legal and other issues relating to the registration and use of the domain name.

## **6. Enforcement - Disrupting Illegal Business of Vendors Who Sell Counterfeit Goods Through Rented or Leased Premises**

**6.1 Finding:** There is no provision on Disrupting Illegal Business of Vendors Who Sell Counterfeit Goods through Rented or Leased Premises

**6.2 Proposal:** It is recommended adding an article providing that:

- a) each party shall ensure through new laws, regulations, administrative guidelines and judicial determinations, as appropriate, that landlords are liable where, after being put on notice of counterfeiting or other trademark violations occurring on their premises, such landlords fail to proactively investigate the matter and, upon confirming the facts,

do not take appropriate action to deter tenants engaged in such activities which may include terminating the leases of such tenants or otherwise removing them from the premises.

- b) each party shall provide for provisions that require landlords of tenants that have previously been found liable for counterfeiting or other trademark violations to take reasonable steps to prevent or otherwise control future violations on their premises, e.g., through regular searches of leased premises/stalls, the adoption of new lease contracts explicitly banning dealings in offending goods, and the imposition of bans on tenant dealings in particular brands.
- c) each party shall provide for provisions clarifying the conditions under which a landlord may be held criminally and civilly liable under the theories of contributory liability, aiding and abetting and vicarious liability.
- d) each party shall provide for provisions that would treat as proceeds of crime (i.e. money laundering), the income derived by landlords who knowingly rent or lease premises to tenants that deal in counterfeit goods from such leased premises.
- e) each party shall establish rules requiring that all those who rent their premises/property to others, whether as landlords or licensors, so that those tenants/licensees may sell goods to the public, obtain from their tenants/licensees and retain records as to their identities and addresses, including vehicle identification if vehicles are brought onto the premises, with failure to do the same leading to possible criminal sanctions and/or financial penalties.

## **7. Design provisions**

**7.1 Finding:** There is no definition of “design”, “product” or “complex product”, all of which are used throughout the text.

**7.2 Proposal:** This is not so much a problem from the EU side, as all of these are defined in EU law, but we would recommend to define them so that it is clear that both sides are referring to the same concepts.

**7.3 Finding:** Article X.25 Protection of Registered Designs

“Independently created designs”: the use of the adverb *independently* is confusing from the Chilean perspective.

“Originality” is not a condition in the Chilean design law. Only novelty is examined by the Office.

**7.4 Proposal:** “Complex product”: This term should be defined as neither Chilean law nor case law does define it. However, the wording of this article would not be particularly problematic since the law only covers a design that gives a special appearance noticeable by eyesight.

**7.5 Finding:** Article X.27 Protection Conferred to Unregistered Designs

**7.6 Proposal:** Unregistered designs do not exist under the IP law, in Chile. However, it is always possible to apply copyright law.

This provision should be improved. The wording does not seem to be as intended. It currently states that “The European Union and [the negotiating partner] shall provide the legal means to prevent the use of the unregistered appearance of a product, only if the contested use results from copying the unregistered appearance of the product in their respective territories”. In order not to exclude other causes of action, we would think this would be better phrased “where the contested use results from copying...”.

Also on unregistered designs, the second paragraph (**Article X.27(2)**) provides the 3 year rule for protection for unregistered appearance of a product, from the date in which the “design” was made available to the public in the territory of the respective signatory. This is different from the EU-Ukraine Association Agreement, which provides that the 3 years start running from disclosure “in the territory of one of the Parties”. Nowhere here does it actually state that the unregistered appearance, to be protectable as an unregistered design, must also be new and original/have individual character. So this wording could also, in our view, give rise to unintended consequences, particularly in view of the current (but criticised) case law from the German Supreme Court that prior disclosure outside the EU means an unregistered Community design cannot subsist at all for lack of novelty.

## **8. Parallel imports**

**8.1 Finding:** Article X 18. Rights conferred by a trademark, including on goods in transit.

**8.2 Proposal:** Article X.18 may be worth looking at additionally from the parallel imports perspective. According to the current wording, the trademark owner is entitled to prevent the import of goods to the Party where the trademark is registered, provided that the following conditions are met simultaneously:

- i. goods come from third countries; and
- ii. bear *without authorization* a trademark which is identical or confusingly similar to the registered trademark.

Potentially, such wording may be construed broadly and interpreted in a way that will not allow the trademark owner to prohibit the import of genuine goods, which are legally marked with the trademark, i.e. with the authorization of the trademark owner, but were not brought into the market of the respective Party by the trademark owner (parallel imports). In addition, this may not be fully in line with the national or regional principle of exhaustion of intellectual property rights to be implemented by the Parties according to the general provisions of the draft Agreement (Article X.3).

## **9. Registration procedure**

**9.1 Finding:** Article X.19 refers to registration procedure.

**9.2 Proposal:** Based on the INTA FTA model it is recommended to include the following provisions in this article:

- Each Party shall provide for a system for the registration of trademarks in which each final negative decision, included partial refusal, taken by the relevant trademark administration shall be communicated in writing to the relevant party and duly reasoned and *in writing*.
- *Each Party shall provide an opportunity for the applicant to respond to communications from the trademark authorities, to contest an initial refusal, and to appeal judicially a final refusal to register. The deadlines for the response to office actions are suggested be within three to six months after issuance of the office actions.*
- Each Party shall provide for the possibility to oppose trademark applications or, when appropriate, *to seek cancellation of a trademark after its registration*. Such opposition proceedings shall be adversarial.

## 10. **Well-Known Trademark**

**10.1 Finding:** For the purpose of giving effect to protection of well-known trademarks, as referred to in Article 6bis of the Paris Convention (1967) and Article 16(2) and (3) of the TRIPS Agreement, the Parties shall apply the Joint Recommendation adopted by the assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) at the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO (September 1999).

**10.2 Proposal:** Each Party shall provide for appropriate measures to prohibit or cancel the registration of a trademark, business identifier or domain name identical or similar to a well-known trademark, if the use of that trademark by the registration applicant is likely to cause confusion, or to cause mistake, or to deceive or risk associating the applicant's trademark with the owner of the well-known trademark, or constitutes unfair exploitation of the reputation of the well-known trademark. Such measures to prohibit or cancel registration shall not apply when the registration applicant is the owner of the well-known trademark.

## 11. **Bad faith**

**11.1 Finding:** A trademark shall be liable to be declared invalid where the application for registration of the trademark was made in bad faith by the applicant. Each Party may also provide that such a trademark shall not be registered.

**11.2 Proposal:** “Bad faith” -*as grounds to invalidate a trademark registration*- is understood and treated by some Latin American countries differently from the EU. Some of them provide that Plaintiff shall prove a business connection with the Defendant to succeed, such as: former distributor and/or former agent. However, under the EU legislation, bad faith could be

understood in a more broadly basis. For instance, it is the case with Mexico where “bad faith” grounds are very limited. Thus, it could create some complications. Therefore, the Parties shall be clear on the terms and conditions in which an invalidation ground, such as “bad faith”, shall be understood and applied.

## 12. Geographical Indications

**12.1 Finding:** In the opposition, the argument cannot be made that the geographical indication does not meet the definition of article XI.30.

**12.2 Proposal:** it would preferable to have that option as well (as is the case in the EU opposition procedures). However, it may be politically difficult to have a court declare that a geographical indication protected in the EU/Chile does not meet these conditions. Indeed, regarding the possibility to file an opposition on the basis that the GI does not meet the definition of article X.30, it would be advisable not to include such provision in the Agreement. Including such provision may be a risk for GI holders since a decision stating that a GI, already protected in the EU/Chile, does not meet the conditions for protection, might be a risk for the holders and jeopardize the protection of interested GIs in the other countries.

**12.3 Finding:** there are no provisions which ensure that the product specification of the GI will be public. Article X.38 only provides that “Parties may make publicly available the product specifications or a summary thereof and contact points for control provisions corresponding to the geographical indications of the other Party protected pursuant to this Sub-Section.”

**12.4 Proposal:** Making the product specifications or at least summary thereof should be mandatory for the Parties. Otherwise it will be difficult to enforce the protection as it will be unclear what products comply with the product specification.

## 13. General Obligations. Enforcement - Criminal procedures

**13.1 Finding:** Article X.55, point 1, General Obligations, of the FTA stipulates that: *“The Parties reaffirm their commitments under the TRIPS Agreement and in particular of its Part III, and shall provide for the following complementary measures, procedures and remedies necessary to ensure the enforcement of intellectual property rights”*

**13.2 Proposal:** In order to make clearer the parties’ engagement to ensure criminal procedures (e.g. imprisonment and fines) it is recommended to add that:

- a) Each Party shall not consider administrative enforcement to be sufficient to satisfy their obligations to provide access to criminal enforcement in counterfeiting cases on a

commercial scale, nor shall administrative proceedings be considered as a substitute for criminal enforcement of intellectual property rights

#### **14. Border Measurers**

**14.1. Finding:** Article X 68.13 states that without prejudice to other forms of cooperation, Protocol [to complete] on Mutual Administrative Assistance in Customs Matters will be applicable with regard to breaches of legislation on intellectual property rights for the enforcement of which the customs authorities are competent in accordance with this article.

**14.2. Proposal:** Parties in the agreement shall exclude public authorities and officials “from liability” to appropriate remedial measures where actions are taken or intended in good faith.

According to other legislations in Latin America it is necessary to consider the implementation of: a) an IP Department in Customs represented by an IP experienced officer and b) a formal customs recordal system for trademarks to allow customs officers to make full use of their *Ex Officio* authority to detain and examine goods.

#### **Conclusion**

INTA is pleased to have the opportunity to submit comments to the draft EU-Chile Free Trade Agreement. INTA would be pleased to answer any questions that your office may have and is available to discuss our recommendations in more detail.

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