

ANNUAL REPORT  
2019/2020  
SPAIN, EU AND LATAM

**UNGRIA®**



## *Dear Colleagues:*

We are glad to present you the following annual report summarizing the main legislative Intellectual Property developments occurred in Spain, European Union (EU) and Latin America during 2019 and the beginning of 2020.

**Last year was special for UNGRIA since we consolidated our international presence through our three own offices in Argentina, Brazil and Mexico.** In addition to our team in Spain and the USA, the LATAM team started to directly represent our clients before the local Offices.

Among the many relevant changes we outline below, we would like to highlight in Spain, the partial entry into force of the current amended Trademark Law, which adapted the Spanish Regulation to those belonging to the remaining European Union countries by incorporating into the national Spanish Law those provisions established by Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 and the new Trade Secret Law 1/2019.

In the EU, the entry into force of the new European Regulation (EU) 2019/933, on supplementary protection certificates (SCP) for medicinal products, the new Guidelines for Examination published by the European Patent Office (EPO), the latest news about the Unitary Patent and Unified Court and the effects of BREXIT in relation to European Union Trademarks (EUTMs).

In Latin America, especially in Argentina, where the National Institute of Industrial Property (INPI) issued different Regulations to implement the changes introduced by Decree 27/2018 and Law 27,444 in the procedures of the different Industrial Property Institutes and, in Brazil, where the implementation of the Resolutions 241/19 and 240/19 started to reduce the back-log in the patent examination procedure. Lastly, in Mexico, where the Mexican Federal Health Secretariat published a decision whereby the importation of medicines from other countries without a prior sanitary registration granted by the Federal Commission for Protection against Sanitary Risks (COFEPRIS) shall be permitted.

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# DATA AND STATISTICS

Before delving into the relative legal updates, we would like to gloss over some data illustrating the position of Spain, the EU and Latin America in connection with the subject matter constituting our business activity.

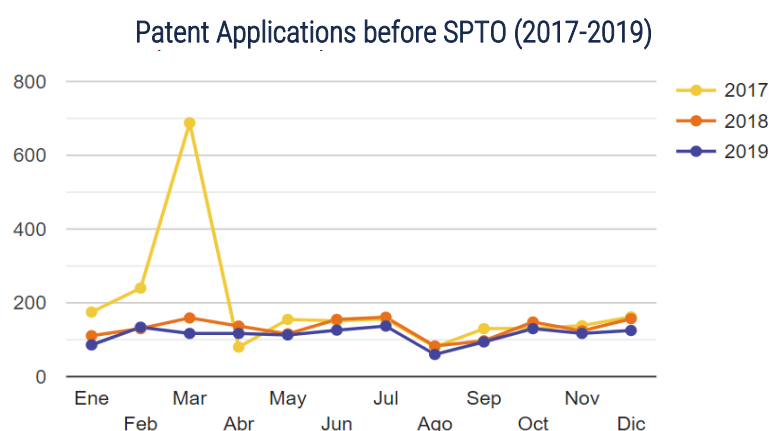
In Spain, the SPTO (Spanish Patent and Trademark Office (SPTO)) has closed out the year with a decrease in the number of applications for Distinctive Signs; the number of Trademark and Trade Name applications decreased by 3% and 5% respectively compared to the previous fiscal year. As for Patents, the entry into force of the Law 24/2015, on April 2017, continues to cause a considerable 14% drop in the number of patent applications. Furthermore, in connection with Utility Models, the Law 24/2015 comprises fewer changes in the prosecution and grant, and the intake of applications remains constant (+1%). Finally, there was a 6% drop in the number of applications for Industrial Designs.

NATIONAL APPLICATIONS BEFORE SPTO					
Year	Trademarks	Trade Names	Patent	Utility Models	Industrial Designs
2018	52,287	12,238	1,578	2,700	1,685
2019	50,686	11,616	1,356	2,731	1,585
<b>Total</b>	-1,601	-622	-222	31	-100
<b>Difference %</b>	<b>-3%</b>	<b>-5%</b>	<b>-14%</b>	<b>1%</b>	<b>6%</b>

Source: SPTO

As we mentioned in our 2018 Annual Report, the significant drop in patent applications can be explained by the absence of those potential applicants who wanted to benefit from a granting procedure without a substantive examination. The current Patent Law eliminates the general granting procedure and implements in its provisions a single procedure with a substantive examination, to be conducted by the SPTO at the request of the applicant and as established in its Regulation. The examination verifies whether the patent application and the invention constituting its subject-matter comply with formal, technical and patentability requirements established under the law.

However, the number of European patent applications filed by Spanish applicants before the SPTO in 2019 was 1,251 increasing by 21% compared to 2018. Moreover, in relation to the number of international applications PCT filed before the SPTO in 2019 was 959, which results in an increase of 3% compared to the previous year.



Source: SPTO

In view of the figures mentioned in the above paragraph, it is clear that Spanish applicants are increasingly exporting their goods and seeking the protection of their assets internationally instead of nationally.

In Europe, the number of European patents (Spain registered a total of 1,473 applications, 3.4% more than in 2018) filed at the European Patent Office (EPO) increased by 6%, and of those applications a remarkable percentage designate Spain, with 21,376 validations being granted, marking a 16.5% decrease with respect to 2018.

*“The number of European patent applications filed by Spanish applicants before the EPO in 2019 increased by 3.4% compared to 2018”*

As it is previously stated, the number of European patent applications filed by Spanish applicants, increased by 3.4% with respect to 2018. Even if Spain still falls below the average for the European Union, Spanish corporations and inventors are starting to value their intangible assets and seek a broader protection of their rights.

As for distinctive signs, the number of European Union trademarks filed by Spanish applicants before the European Union Intellectual Property Office (EUIPO), which will have a direct effect in Spain, increased by 3.3 % with respect to 2018. In this sense, we could presume that the 3.1% drop in the number of trademark applications by Spanish applicants before the SPTO may have been caused by the increased of trademark applications by Spanish applicants before the EUIPO. Therefore, we may conclude that Spanish applicants have sought the protection of their trademarks, through a single application before the EUIPO, in order to protect their rights in all member states of the European Union.

Year	International Trademarks that designate the EUIPO	EU Trademarks filed by Spanish applicants	EU Trademarks	European Patents	Granted Validations in Spain
2018	20,945	10,362	152,528	159,142	25,602
2019	22,642	10,707	160,389	168,732	21,376
Total	1,697	345	7,861	9,590	-4,226
<b>Difference %</b>	<b>8.1%</b>	<b>3.3%</b>	<b>5.1%</b>	<b>6%</b>	<b>-16.5%</b>

Source: UNGRIA, SPTO, EUIPO.

Finally, on an international level, in 2019, there was a double increase of 8% and 5% in the number of international trademark applications designating EUIPO and in the number of EU trademark applications respectively.

As for Latin America, according to the World Intellectual Property Organization (WIPO) Indicators Report 2019, Patent and Trademark Offices in the region registered a 2.7% decrease (56,000) in the total number of patent applications with respect to the previous year compared to a 4.9 % increase (751,000) in relation to trademark applications.

However, it is important to mention that the Offices in the region are implementing new procedures to accelerate the prosecution of patents (for example: Patent Prosecution Highways—PPH) and, in this sense, the number of granted patents has increased by 21% (24,700) with respect to 2018. Similarly, the number of granted trademarks increased by 8.9% (594,700).

Using the last decade as a reference, this data reflects a 0.6% decline in the region with respect to patents and a 3% growth with respect to trademarks.

In total numbers, the Latin American market continues to grow worldwide in terms of Intellectual Property and is a key territory for foreign applicants who are looking for a competitive advantage by protecting their intangible assets. Evidence of this is the growing market share held by its Offices, particularly in the area of distinctive signs, totally 5.3% of the global market. The field of inventions and designs show a smaller growth, although positive, and its share is 1.7% and 1.2%, respectively.

*"In Latin America, according to the WIPO's 2019 Report, the number of granted patents and trademarks, in relation to the previous year, has increased by 21% and 8.9% respectively"*

# SPAIN AND THE EU

## DISTINCTIVE SIGNS

### NATIONAL TRADEMARKS

#### AMENDMENT OF TRADEMARK LAW 17/2001 OF 7 DECEMBER AND ITS REGULATION

A year has passed since the amendment made to the Trademark Law 17/2001 of 7 December entered into force.

In fact, the amendment made of the current Trademark Law, which adapted the Spanish regulation to those belonging to the remaining European Union countries, became **partially** effective on 14 January 2019 by incorporating into the national Spanish Law those provisions established by Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015.

In our last year's annual report, we highlighted the most relevant modifications in connection with the Trademark definition, absolute grounds of refusal regarding trademark registration, unification of the definition of the well-known trademark and trademark with reputation – now, reputed mark – in connection with the contents of the trademark right, as well as significant updated aspects concerning the trademark registration procedure. Even more important are those amendments concerning the **opposition procedure against trademark registrations**. ([Click here](#))

Considering the updated aspects relating to the opposition procedure against applications for the registration of trademarks and trade names, the Trademark Law now grants the applicant of a trademark or trade name the possibility **to require that the party filing opposition against its registration proves that those registrations serving as basis for the opposition, are in fact in use, in case the use thereof is already compulsory**, pursuant to the provisions of the law, or, by default, to prove the existence of causes which support the lack of use, such that the failure to provide proof of use or the fact that such proof refers only to some of the goods or services on which the opposition is based may cause the complete or partial dismissal of said opposition.

**This substantial amendment may be considered as a very important that did not immediately become effective**, but rather was delayed until the corresponding implementing Regulation was issued.

The aforementioned implementing Regulation was issued through Royal Decree 306/2019 of 26 April, amending the Regulation for implementation of Trademark Law 17/2001 of 7 December, approved by Royal Decree 687/2002 of 12 July. **This amendment became effective on 1 May 2019.**

Accordingly, in connection with the updated aspects mentioned with regard to the opposition proceeding against new trademarks and trade names filed before the Spanish Patent and Trademark Office, **as of 1 May 2019**, when the cited amendment became effective, it allowed trademark or trade name applicants who, after that date, received an opposition based on a trademark or trade name subjected to compulsory use, to request the opponent to prove complete or partial use of the sign or signs used as base of the opposition.

The Implementing Regulation of the Trademark Law, effective as of 1 May 2019, regulates the manner in which this proof of use can be requested. It further regulates the time frame when it can be requested as well as the time limit that the opponent has to furnish such proof.

*“As of May 1st 2019, it is allowed to any trademark or trade name applicant that has received an opposition based on a trademark or trade name subjected to compulsory use, to request the opponent to prove complete o partial use of the sign or signs used as base of the opposition”*

It should also be pointed out that notwithstanding this possibility granted by Law to trademark applicants after 1 May 2019, **only recently, the Spanish Patent and Trademark Office (SPTO) has started to suspend the prosecution of those files in which the applicant has requested proof of use of the opposing trademark.** The different steps and moments of the procedure in connection with this updated aspect are summarised below.

### Trademark application

- **Publication** of the trademark application in the Official Intellectual Property Gazette (for oppositions purposes in a two months term following said publication).
- Third party **opposition** to the new application.
- **Suspension** of the prosecution of the application and communication of the notice of opposition, granting the applicant once month to:
  - **Reply to the suspension** of the file, replying to the opposition or oppositions received, as well as any eventual ex officio summons for absolute grounds of refusal.
  - **Request the opponents to furnish proof of use** of their trademarks or trade names on which their opposition is based for all or part of the goods or services for which said opposing signs have been registered.
  - **Reply to the suspension** in relation to the opposition or oppositions raised, and the eventual ex officio summons, based on the legal considerations that may apply, **and also request that the opponent or opponents submit proof of use** of their trademark.



For each of these three possibilities, the SPTO has recently implemented and made available to the public the corresponding standardised forms in order to handle said procedures online.

- **The SPTO requires the opponent** to furnish proof of use under the terms raised by the trademark applicant, granting a **time period of one month** after the publication of said request in the Official Industrial Property Gazette (BOPI) to proceed accordingly.
- **Publication** in the BOPI of the request for proof of use.
- **The opponent submits the requested proof of use**, or he may fail to do so, with the corresponding consequences of such failure.
- The SPTO sends **notice of the proof of use to the trademark applicant**, conferring a time period of one month to **assess it and submit written arguments** in that regard.
- **The SPTO makes a decision regarding the file**, either fully or partially granting or refusing it, taking fully or partially into account the opposition or oppositions raised.

**There is still no legal practice** from which conclusions may be drawn. However, we understand that the **decision to be rendered by SPTO will be concise (Articles 22 Trademark Law and Regulation)**; therefore it is possible that the Office will not enter into any legal questions assessing the proof furnished by the opponent in one sense or the other. We understand that it will simply declare whether or not it considers such use to have been sufficiently proven according to the Trademark Law and will make a decision based on said prior consideration.

With regard to said decision – and therefore the assessment of the proof made by the SPTO – the applicant and opponent may:

### File an appeal against the decision

In this proceeding, the opponent filing appeal may legally consider why the proof of use he furnished is sufficient, or why, despite the possible lack of sufficiency, his opposition should have been allowed as there is a likelihood of confusion or association in any case between the new trademark

and his opposing trademark, even if the marks do not exactly coincide in the goods and/or services, that is, the concurrence of the provisions established in the relative grounds of refusal for the registration of trademarks in the current Trademark Law.

It must be pointed out that there is no practice concerning how the SPTO will decide on the conflicts raised by the new regulation with respect to the former Regulation, or how it is going to assess the possible application of relative grounds of refusal in those cases where the use that is proven corresponds to goods or services that do not coincide with those of the new trademark, but which the opponent may consider to be sufficiently related so as to appreciate the concurrence of those circumstances which render the applicable relative ground of refusal applicable.

We understand that the SPTO, without prejudice to the result of the proof, will apply the relative grounds of refusal taking into account legal criteria based on consolidated case law with regard to the possible likelihood of confusion, even in cases of disputes between trademarks which do not exactly coincide in goods and services.

## **EUROPEAN UNION TRADEMARKS**

### **EFFECTS OF BREXIT ON EU TRADEMARKS**

On January 31, the United Kingdom ceased to be a member State to the European Union in accordance with the agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (hereinafter the "AW") of 14/11/2018, signed in Brussels and London on 24/01/2020 and published in the Official Journal of the EU of 31/01/2020.

As such, Title IV of the WA concerning Intellectual Property becomes applicable, in particular articles 54 to 61, dealing with European Union Trademarks (EUTMs) were they filed either before the European Union Intellectual Property Office (EUIPO) or before the World Intellectual Property Office (WIPO), Community Designs, be they registered or

unregistered, Community Plant Varieties, Geographical Indications and Copyright.

Referring to EUTMS, article 54 of the WA establishes that the holder of a EUTM which has been "registered or granted before the end of the transition period (currently expiring on 31/12/2020) shall, without any re-examination, become the holder of a comparable registered and enforceable Intellectual Property right in the United Kingdom under the law of the United Kingdom".

Moreover, article 59 foresees a nine-month term from the expiry date of the transition period, to be counted from 01/01/2021, within which the applicant of a EUTM may validate same before the United Kingdom Intellectual Property Office (UKIPO) preserving the initial filing / priority date.

Therefore, the onus to adapt the national law falls on the UK Government's side who on July 2018 passed the "European Union (Withdrawal) Act 2018" establishing a set of rules to implement, inter alia, the mandatory amendments contained in the WA.

As a result thereof, the following will be applied to EUTMs:

All EUTMs granted by 31/12/2020 will automatically result on 01/01/2021 into comparable UK trademarks, free of charge for their holders. The UKIPO will simply clone all granted EUTMs at the above date.

If a EUTM was granted via an International Registration, the said EUTM will be also cloned into a national equivalent UK trademark, but losing its "International" character. All these cloned trademarks will be specifically numbered, thus establishing different identification means for strict UK national trademarks and cloned UK trademarks.

*"All EUTMs granted by 31/12/2020 will automatically result on 01/01/2021 into comparable UK trademarks, free of charge for their holders. The UKIPO will simply clone all granted EUTMs at the above date"*

For all EUTMs trademarks still under prosecution by 31/12/2020, their holders will have the opportunity to convert them within nine months to be counted from 01/01/2021 into a comparable UK national trademark, by filing same before the UKIPO. However, this validation process will be the subject of the national filing fee valid at that time, although the equivalent UK national trademark will retain the filing / priority date of the equivalent EUTM application.

The same procedure will apply to pending EUTMs filed via the Madrid Protocol (WIPO).

It becomes obvious that whilst holders of registered EUTMs at the end of the transition period (31/12/2020) do not need to take any specific action to obtain an equivalent UK trademark registration, holders of pending EUTMs at the said date will need to refile them before the UKIPO in an attempt to obtain an equivalent UK right.

It may be concluded that although the UK does no longer form part of the EU and as far as EUTMs are concerned, everything remains unchanged at least until the end of the running transition period expiring on 31/12/2020.

As such, not only those EUTMs granted or filed up to 31/01/2020 continue to extend their legal effects to the UK, but also those new EUTM applications filed either via EUIPO or WIPO in the interim period between 01/02/2020 and 31/12/2020.

Should these pending applications mature into registrations by 31/12/2020, they will be automatically and free charge be converted into comparable UK national trademark registrations.

Otherwise, the applicant will have to refile same within the above mentioned nine-month period before the UKIPO.

*“For all EUTMs trademarks still under prosecution by 31/12/2020, their holders will have the opportunity to convert them within nine months to be counted from 01/01/2021 into a comparable UK national trademark, by filing same before the UKIPO”*

# INVENTIONS

## GUIDELINES FOR EXAMINATION OF THE EUROPEAN PATENT OFFICE (EPO)

The annual update of the Guidelines entered into force on 1 November 2019. Among the most important developments this year, we can find the following:

- **Reduction on filing and examination fees.** The Guidelines incorporate the conclusion of resolution J4/18, according to which, in the case of multiple co-applicants, the 30% reduction in filing and examination fees for authorized applicants (SMEs, natural persons and universities of a Contracting State having an official language other than one of the official EPO languages) is applicable even if only one of those co-applicants meets the language requirement, although all must meet the applicant type requirement. Previously, each co-applicant had to meet both requirements. *(A-X, 9.2.1 – Reduction under the language arrangements)*.
  
- **Interpretation of purpose in the claims.** Computer-implemented inventions are usually claimed as methods for carrying out a purpose, and/or as devices with "means plus function" features. The Guidelines introduce broader explanations on these two issues:
  - In the case of methods for a purpose, two types of method claims are differentiated: one that defines the application of a method, in which the claimed purpose is considered a step of the method itself; and another that defines an effect caused by a method step. In this case, the effect is a consequence of the steps of the method, so the claimed purpose is not a limiting feature.
  - As for the "means plus function" features, they are anticipated by any state of the art feature suitable to carry out the function in question. The Guidelines clarify that there is an exception to this general rule when it comes to computer-implemented inventions, since it is then interpreted that the means should be specifically arranged to perform the function (i.e., the state of the art, in order to anticipate the invention, must disclose a device that performs the steps claimed, and not that it is simply suitable for it).  
*(F-IV, 4.13 – Interpretation of expressions stating a purpose)*.
  
- **Mathematical methods, machine learning and artificial intelligence.** The last edition had added a section on artificial intelligence. This section has been updated this year to clarify that, when examining the technical character of an invention, the use of certain terms does not imply, in one sense or another, the use or lack thereof of technical features to achieve a technical purpose. It has to be considered now whether the context of these features contributes to the technical character of the claim as a whole. As it is known, technical character is an important requirement in establishing the existence of inventive step. Similarly, the computational efficiency of an algorithm must be considered when assessing whether it contributes to the technical character of an invention, once a technical effect of the computer program has been established. *(G-II, 3.3 – Mathematical methods and G-II, 3.3.1 – Artificial intelligence and machine learning)*.

- **Novelty of a sub-range.** The test that was being used consisted of three steps. In the new guidelines, the last step (the selected sub-range is not arbitrary, but has a purpose, constituting a new technical teaching) has been eliminated, following resolution T261/15. This step is, in fact, an examination of inventive step, not novelty. (*G-VI, 8 – Selection inventions*).
- **"Expectation" vs. "hope".** As set out in T2/83, it is considered obvious that the skilled expert will modify the closest prior art if there is an "expectation of some improvement or advantage". However, the previous Guidelines also mentioned the modification of the closest prior art in the "hope of solving the objective technical problem". In the new edition, the reference to hope in the discussion of the "problem-

solution" approach disappears. This correction also appears in the 2019 edition of the "Case Law of the Boards of Appeal". A section covering this issue in Biotechnology Research has also been added to this year edition. As mentioned earlier, there is no inventive step if the research is carried out following the prior art teachings with "a reasonable expectation of success", which differs substantially from a "hope of success". This is explained in the new guidelines with a research example: we would be faced with inventiveness if a researcher, in addition to his technical knowledge, has to make decisions that are not trivial in order to come up with a technical solution. (*G-VII, 5.3 – Could-would approach and G-VII, 13 – Inventive step assessment in the field of biotechnology*).

## UNITARY PATENT & UNIFIED PATENT COURT

### German Constitutional Court publishes decision on UPC

After more than two and a half years of wait, the German Federal Constitutional Court has published today its decision upholding the constitutional complaint against the German ratification of the Agreement on a Unified Patent Court (UPC). The Court's decision ([BVerfG, Beschluss des Zweiten Senats vom 13. February 2020 - 2 BvR 739/17 -, Rn. \(1-21\).](#)), from which three out of eight judges dissented, states that the Act of Approval of the UPC Agreement by the German Federal Parliament was void, as a two-thirds majority was required.

This decision constitutes a major blow to the very existence of the UPC. Ratification by Germany, UK and France was needed for the UPC to enter into force. The UK had already ratified, but BREXIT posed a major obstacle to its participation. All the more so after the British Government declared recently that it would not join the UPC because of the requirement to remain under CJEU's jurisdiction. Today's decision paints an even bleaker future for the UPC. Even if the Bundestag tried again to pass the Act, it would be difficult, with the current state of affairs, that a two-thirds majority agreed. And, even if it did, probably a new complaint would be lodged, since the German Court did not consider the other grounds brought up in the 2017 complaint.

## SUPPLEMENTARY PROTECTION CERTIFICATES

On 1 July 2019, the new European Regulation (EU) 2019/933, amending the previous European Regulation (EC) No 469/2009 on supplementary protection certificates (SCP) for medicinal products, entered into force. The main novelty is the introduction of a waiver or exception for the manufacture and storage of medicines in certain circumstances.

On the one hand, the exception allows European companies to manufacture generics or biosimilars of a drug protected by SPC, provided that it is exclusively for exporting to markets outside the EU where there is no protection (because it has expired or because it never existed). The intention of this measure is to allow European generic and biosimilar manufacturers to compete, on an equal footing, with producers from other parts of the world. It is therefore a measure aimed at preventing the relocation of European manufacturers outside the EU to take advantage of the growing global market for generic and biosimilar medicines.

On the other hand, an exception is also introduced which allows the manufacture and storage in the EU of a product or medicinal drug protected by an SPC, during the last six months of that SPC. The objective of this measure is to allow the launch of these products on the first day after an SPC expires, accelerating their entry into the market and, therefore, the access of patients to these medicines.

In both cases, the manufacturer shall inform of its intentions both the SPC owner and the Patent Office concerned at least three months in advance of the initiation of any activity, in addition to meeting other requirements. There is a transition period for the application of these developments.

## TRADE SECRETS

**The Trade Secret Law 1/2019 entered into force last 13 March 2019.** This law transposes the EU Directive 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure into the Spanish law.

This law provided an answer to the need of a Regulation over this matter in the Spanish legal system, previously ruled by different provisions through the **Law on Unfair Competition** in civil jurisdiction and the Criminal Code itself although these provisions, did not comply with the needs of a specific regulation in that regard.

This new law rules a series of **effective and comparable legal instruments** for the protection of **trade secrets, understanding as such any information or know-how, including technological, scientific, industrial, commercial, organisational or financial information of businesses (both natural and legal persons) that is secret**, according to the definition provided in that sense in the law itself, that is, not generally known or readily accessible, which **has actual or potential commercial value** precisely because it is secret and which **has been the object of reasonable measures on the part of its owner to be kept secret.**

The law defines when the acquisition, use or disclosure of the secret is unlawful and when it is lawful, and it also defines how a trade secret constitutes the **object of right of ownership** and will therefore be the subject of a **transfer, co-ownership** and also of **exclusive or non-exclusive licenses**. Furthermore, **civil legal actions to defend the same in the event of acts of violation** will also be regulated.

*“The Trade Secret Law 1/2019 establishes as such any information or know-how, including technological, scientific, industrial, commercial, organisational or financial information of businesses (both natural and legal persons) that is secret, which has actual or potential commercial value and has been the object of reasonable measures on the part of its owner to be kept secret”*

For this purpose, the law rules a set s of **legal actions**, providing for declaratory actions, as well as actions for the cease, prohibition, seizure of goods, removal, declaration of ownership and compensation for damages, and the capacity to sue in said civil actions, that corresponds to the owner of the trade secret. It also rules the capacity to sue corresponding to those licensees authorised to that end or under specific circumstances provided in any event in the law. These actions will be heard before a Commercial Court.

An interesting point that the law takes under consideration is the **confidential treatment to be given to the information which, in the course of the action, must be facilitated from the subject matter which constitutes the trade secret**, prohibiting those who access said information from using same, even once the proceeding has concluded, unless it is stressed in the final judgment that said information does not constitute a trade secret, or, over time, becomes general knowledge or is readily accessible in the circles in which it is normally used.

The Trade Secret Law establishes in Article 15.2 that *“judges and courts may also, ex officio or upon a reasoned request by one of the parties, adopt the specific measures necessary to preserve the confidentiality of the information that may constitute a trade secret and has been furnished in a proceeding relating to the violation of trade secrets or in another class of proceeding in which it is to be considered in order to issue a decision on the merits”*.

It should be pointed out that the Section on Competition Law of the Commercial Court of Barcelona has drawn up a **pilot project** for a **Protocol for the Protection of Trade Secrets in Commercial Courts**, in response to the need for commercial courts to hear proceedings brought under this new law to adopt a series of **homogeneous practices as regards the procedural processing to be given to the information that may be considered secret or confidential within the framework of the proceeding**, which is regulated under the Civil Procedure Law.

The scope of application of this protocol intends to cover not only those proceedings brought under this new Trade Secret Law, but also for those civil and commercial proceedings in which, regardless of the subject thereof, it is declared that certain information furnished in the process constitutes a trade secret.

Without prejudice to the **general duties of confidentiality** derived from the provisions of this law (Article 15), the General By-law of the Spanish Bar and the General By-laws of Spanish Court Attorneys, and even other legal texts, **the protection of a secret may nonetheless require in the legal proceeding, in any legal proceeding, the adoption of certain measures**, as explained in the Protocol, at certain times: **at the beginning of the proceeding**, at the request of the plaintiff seeking certain information that is furnished to be declared secret, or **once the proceeding has commenced**, at the request of the defendant or even a third party not involved in the proceeding being the owner of the trade secret, with respect to documents to be furnished within the framework of the proceeding.

The court may also, *ex officio*, or at the request of a party, declare that certain information constitutes a trade secret and adopt the measures needed to protect its confidentiality, as provided in the Trade Secret Law. This judicial declaration must be made during a **hearing with the parties under the principle of hearing both sides**, and even third parties who, though not party to the proceeding, may, however, be the owner of the secret information.

The judicial decision in that respect must necessarily specify which information it refers to, and in respect of the measures to be adopted, justify said decision and specify the measures for its protection. There are a number of measures that may be adopted, regardless of whether or not they are suggested by the parties, such as those provided under Article 15 of the Law, for example **restrictions placed on the number of persons who may access** documents, objects, materials, substances, etc., or **the persons who may have access to the hearings and making available to all others a (censored) non-confidential version** of the decision, in which passages containing information declared to be secret are concealed. The Civil Procedure Law (Art. 283bis) also contemplates certain measures in that regard.

Said measures for the protection of the information declared to be secret must be those necessary to carry out said function and must logically be related to the specific information to be protected. Furthermore, the lawful interests of the parties to the proceeding and of third parties and the harm that may arise from adopting same must always be taken into account, respecting the right of the parties to effective legal protection and an impartial judge.

Also, until the judicial decision has been rendered, **provisional measures** for the protection of the information may be requested. These provisional measures may consist, for example, in securing the physical custody of the document on the premises of the Court, in the absence of sending copies to the other party, or in cases of a digital file, the adoption of the corresponding security measures. These provisional measures may even be adopted *ex officio* by the Judge or Court, in any event, by means of concise reasoned decision.



The Protocol refers to the convenience of establishing a circle of confidentiality depending on the specific case, and the decision must:

- **Identify said group** in detail, even with regard to its function and relationship with the parties. Such circle may include, in addition to the judges and magistrates of the court, the parties and their representatives and other professionals as well.
- Establish **levels of access to the circle**, and they may even **veto one of the parties and/or their representatives** where extremely sensitive information that may affect relations between competitors is involved, and in this case access to the information will only be granted to legal counsel.
- **Identify the information that is accessible within the circle of confidentiality.**
- Those persons included in the circle of confidentiality must sign a **confidentiality agreement**, that must be executed in person and within the time period and in the manner established by the actual judicial decision.
- Establish the **conditions (physical and/or digital access)** under which those persons included in the circle of confidentiality may obtain access and the duration of the access to the information.
- **Possible establishment of confidential** (which will be treated as such) **and non-confidential versions** of the information (which will be treated like any other documentary evidence), which will be appropriate when the confidential part is reduced or non-abundant, and the non-confidential retains its own evidentiary sense and meaning for the parties to the proceeding despite the corresponding striking or amendment. In any event, the Court must assess the proportionality of the amendment of the documents in relation to the subject of the proceeding and the right to a defence of the other party.
- **Possible confidential and non-confidential versions of the judicial decision, when said decision** must include information that has been considered secret, with only the non-confidential version being incorporated in the physical or digital file, and the confidential version being incorporated in a separate and duly marked folder under the physical custody of the Court Clerk, and establishing those persons who may access said confidential version. Only the non-confidential version will be included in the CENDOJ legal database.
- **Possible hearings are to be held behind closed doors** when the evidence to be examined (witnesses, experts) must take place with respect to the information declared confidential or secret, separating the audiovisual recording from the general recording of the hearing, which audiovisual recording shall be accessible only for those who are part of the circle of confidentiality.
- The **contents of the requests made by the parties asking** that certain information should be declared a trade secret is also regulated. Such requests must present **sufficient legal grounds concerning the nature of the trade secret** to be protected, a **specification** of the information to be protected and the support, location of the information, **measures for the protection** that are sought, the **grounds of compliance with the principles of need, adequacy, proportionality, specification and consideration of third-party interests and lessor hardship with respect to the measures sought**, as well as those **persons who will be part of the circle of confidentiality.**

In summary, the updated aspects introduced by the current Trade Secret Law required establishing measures within the framework of the legal proceeding to preserve the confidentiality of such trade secrets in cases where they needed to be furnished. This pilot project for the protocol is a first step in that regard and is of great interest given that it comprehensively addresses the cases in proceedings in which it is necessary to furnish secret information, not only under the Trade Secret Law, but in any proceeding.

As previously mentioned, this protocol has been created by the Commercial Courts of Barcelona as a pilot project and has been endorsed by the General Council on the Judiciary. We understand that this project is applicable in other Spanish Civil and Commercial Courts, even for matters other than the protection of trade secrets through its ad-hoc law.

Furthermore, we understand that given the cases it contemplates, it may constitute a good example for companies to internally adopt their own protocols for the protection of trade secrets, where issues such as the establishment and definition of a circle of confidentiality with respect to certain sensitive and secret or confidential information, and the establishment of different physical and technological measures for preserving said information within the framework of the actual companies are of interest.

## COURT RESOLUTIONS OF INTEREST

### ADIDAS: EU FIGURATIVE MARK REPRESENTING THREE PARALLEL STRIPES

JUDGMENT OF THE GENERAL COURT (Ninth Chamber, Extended Composition) of 19 June 2019.

A decision of the General Court of EU dated June 19, 2019 shocked everybody as it confirmed the invalidity of the ADIDAS 3-strip figurative EU trademark.

The Court stated that Adidas failed to prove that their mark, which consists of three parallel stripes applied in any direction, acquired, throughout the territory of the EU, distinctive character, following the use which had been made of it.

In 2014, the European Union Intellectual Property Office (EUIPO) ruled in favour of Adidas, granting an EU trademark for clothing, footwear and headgear. In the application for registration, the trademark is described as consisting of three parallel equidistant stripes of identical width, applied on the product in any direction.

As a consequence of an application for declaration of invalidity filed by Shoe Branding Europe BVBA, EUIPO annulled the registration of that mark on the ground that it was devoid of any distinctive character, both inherent and acquired through use, alleging that the mark should not had been registered since Adidas failed to establish that the mark had acquired distinctive character through use throughout the EU.



The General Court upheld the annulment decision, dismissing the appeal brought by Adidas against the EUIPO decision.

Contrary to other judgments concerning the inverse colour representation of a trademark, the General Court rejected the inverted colour representation of the Adidas mark. The Court did not accept the evidence of the mark in inverse colour since the forms of use fail to respect the other essential characteristics of the mark.

The General Court clarified that the Adidas mark in question was registered in black and white **without any particular colour claim**. However, it is for the applicant to file a graphic representation of the mark which corresponds precisely to the subject-matter of the protection sought. Once a trademark has been registered, the proprietor is not entitled to more extensive protection than that afforded by that **graphic representation**. Since the mark in question is a figurative mark without a word element and with very few characteristics, the use of three black stripes on a white background and the inherent contrast is an **essential characteristic** of the mark, namely the **contrast** between the three black stripes on the one hand and the white background and the white spaces between those stripes on the other. The Court held that inverted colouring cannot therefore be described as a slight difference from the registered form of the mark in question.

As a consequence of the consideration of the existence of relevant differences between the proof submitted and the trademark, the distinctive character of the mark through use was rejected and the EU figurative trademark No 12442166 was declared invalid due to lack of distinctive character.

Finally, the General Court declared that EUIPO did not commit an error of assessment in finding that Adidas had not proved that the mark at issue had been used throughout the territory of the European Union and that it had acquired, in the whole of that territory, distinctive character following the use which had been made of it. By excluding the inverted colouring and variations of forms from evidence of use of the trademarks, the only evidence of use of the 3-stripetrademark of some relevance, was in five EU countries. As in this case it was common ground that the mark in question was inherently devoid of any distinctive character throughout the European Union, the review should also be carried out throughout the whole territory of the EU.



## **THE GENERAL COURT DISMISSES THE RESOLUTION ISSUED BY EUIPO'S BOARD OF APPEAL IN THE CASE "GRES ARAGÓN"**

The General Court of the EU issued a decision dated December 18, 2019, within case T-624/18, that may be considered as particularly important due to the therein included criticisms concerning EUIPO's resolutions and the need to have them substantiated.

In the current case, EUIPO rejected trademark application GRES ARAGÓN, including a slight stylized lettering, for ceramic products in class 19. It was considered that said trademark was included in the prohibitions of article 7, paragraph 1, sections b) and c), and of Article 7, paragraph 2, of Regulation 2017/1001 EUTMR. The appeal filed by the applicant before the EUIPO was also supported by evidence showing the distinctive character acquired by the use of this sign, also rejected by the Board of Appeal, so that the applicant filed a further appeal this time before the General Court. EUIPO considered that the filed trademark application included the words < Gres > and < Aragón > represented in slightly stylized capital letters, but perfectly understandable by the Spanish-speaking consumers as designating a ceramic material (grés) coming from the region of Aragon. As a consequence, the relevant public would not be able to appreciate the distinctive character of this trademark application.

In its Judgment of last December 18, 2019, the Court accepted the applicant's appeal, appearing the grounds set forth in said judgment to be of most importance at a general level.

In fact, the appellant firstly claimed that there were other already granted trademarks with basically identical or very similar structure (for example, the trademark GRES DE BREDÁ), and that said argument had not been contested by the Board. In this regard, the Court, while recognizing that previous administrative decisions do not bind the Board, recalls that Article 94 of Regulation 2017/1001 provides that EUIPO's decisions must be well grounded, and that according to the constant jurisprudence, said mandatory motivation must clearly and correctly comprise the reasoning of the examiners in charge of the decision, in order to allow interested parties to know the grounds of the decision taken as well as to allow the corresponding Courts to exercise control. If this is added to the general principle of equal treatment in favor of trademark owners, the Court finally considers that indeed, as argued by the appellant, EUIPO improperly failed to

respond to those allegations concerning the importance of the existence of previous trademarks.

Regarding the further arguments set forth in the appeal, same stress that EUIPO did not follow the rules established by its own examination guidelines. The Court considers that, in fact, and although said guidelines do not constitute mandatory legal lines for interpretation of EUTMR and that the decisions of EUIPO's Board of Appeal should be assessed only on the basis of Regulation 2017/1001, EUIPO must take into account the principle of equal treatment and therefore, must consider the decisions already rendered on similar conflicts, so that in case of not following the line of earlier decisions, it still may respect the principle of legality and examine the specific case strictly and completely, clearly justifying the reasoning of its decision.

Thus, the appeal has been accepted by the Court due to the fact that EUIPO has not been able to confirm the reason why in this specific case the region of Aragon may be considered as a well-known territory for the manufacturing of ceramic products.

To conclude, the importance of this decision is focused on the need of a proper substantiation of all the claims made by the parties as well as on the need to support the non-applicability of previous administrative decisions.

## DISTINCTIVE CHARACTER OF A SIGN COMPRISING A HASHTAG

Judgment of the Court (Fifth Chamber) of 12 September 2019, AS v Deutsches Patent- und Markenamt. Case C-541/18.

The German Federal Patent Court requested for a preliminary ruling regarding the distinctive character of a sign comprising a hashtag.

Traditionally, when considering the perception of the relevant public the distinctive character of a trademark must be assessed in relation to its specific goods and services.

The Applicant filed an application to register the trademark #darferdas? (which would be translated as "is he allowed to do that?") in connection with clothing, in class 25. The German Trademark Office rejected the application on the basis of lack of distinctive character.

The applicant appealed the decision. The German Federal Patent Court dismissed the appeal, confirming that the hashtag #darferdas? would be

perceived by the relevant consumer as a simple interrogative phrase and not as a trademark. The Court added that hashtags are routinely reproduced on clothing for decorative purposes.

The applicant appealed the judgment to the Federal Court of Justice, which in turn referred a question to the European Court of justice for a preliminary ruling. The question was if a sign has distinctive character when there are in practice significant and plausible possibilities for it to be used as an indication of origin in respect of goods or services, even if this is not the most likely form of use of the sign.

The Court declared that, as a matter of principle, a hashtag may distinguish the goods and or services as coming from a particular undertaking and therefore, it may constitute a valid trademark. As regards the distinctive character of the mark, the Court added that the assessment of the perception of the average consumer must be carried out in particular, taking into account all the relevant facts and circumstances, including all practically significant possibilities and demonstrated uses of the mark. The Court acknowledged that an applicant is not required to specify the use of the mark prior to filing the application or to indicate how they intend to use it in the future. Furthermore, the EUTMR grants trademark owners a grace period of five years from the date of registration to start using the mark. Consequently, the assessment of distinctive character may be conducted on the basis of 'the way the mark will probably be shown to the average consumer only with regard to the customs of the economic sector concerned'. Not every use is relevant; only 'practically significant' uses will be considered.

The practical significance of the decision is that when responding to an objection by the EUIPO regarding the distinctive character of a sign, it is advisable to allege and to produce evidence in relation to the possible use of the mark in the sector concerned, in order to allow examining what will be the perception of the relevant public regarding the distinctive character of the brand in relation to specific products and services.

## **JURISDICTION OF COMMUNITY DESIGN COURTS IN MATTERS INVOLVING PRELIMINARY INJUNCTIONS**

The EU Court of Justice issued a decision on 21 November 2019, in case C-678/18, which we consider as extremely relevant and having the potential to change certain practices in relation to jurisdiction in proceedings involving preliminary injunctions.

Indeed, according to EU Regulation 6/2002 on Community designs (CDR), Member States have designated in their respective territories' Community Design Courts to perform the functions assigned to them by the CDR. In Spain, this jurisdiction is assigned to the Commercial Courts of Alicante and the Alicante Regional Court, while in the Netherlands it is assigned to the Court of Appeal in The Hague.

In the proceedings leading up to the decision in question, the company SPIN MASTER, as a holder of a Community design protecting the appearance of a toy, filed an application for a preliminary injunction against the Dutch company HIGH 5, on the grounds that HIGH 5 was infringing its rights. The application was filed before the Court of Amsterdam. HIGH 5 pled a lack of jurisdiction of the Court of Amsterdam, claiming that Court of The Hague held jurisdiction.

As the Court of Amsterdam maintained its jurisdiction, the Procurator General of the Netherlands brought an appeal "in the interest of the law" before the Supreme Court of said country, which in turn refers to the EU Court of Justice for a preliminary ruling to clarify the scope and interpretation of Article 90(1) of CDR no. 6/2002.

On 21 November 2019, the EU Court of Justice has issued a decision that may significantly modify something that seemed indisputable up until now, not only in connection with Community designs but also concerning European Union trademarks.

First and foremost, the CJEU holds (paragraph 40 of the decision) that in Article 90(1), the creation of Community Design Courts in each State was intended to establish specialization of the Courts with jurisdiction in order to assist the development of uniform interpretation of the applicable laws.

However, the Court holds (paragraph 41 of the decision) that even though this interpretation is entirely justified in the case of court proceedings, the substance of which concerns infringement or invalidity actions, the exercise of the rights conferred by a design must be enforced in an efficient manner throughout the territory of the European Union; and in the case of a request for provisional measures or a preliminary injunction,

the requirements of proximity and efficiency should prevail over the objective of specialization.

For this reason, it is considered that the national Courts with jurisdiction to hear these matters in relation to purely national registrations of each Member State, shall also hold jurisdiction to hear cases concerning preliminary injunctions for Community designs given the aforementioned objective of greater proximity and efficiency. Nonetheless, the ECJ insists that this interpretation shall only apply in the case of preliminary injunctions, and such measures shall have only a national scope, the effects of which cannot be extended to other Member States.

Finally, this same solution would have to be applied hereinafter in matters concerning European Union trademarks, insofar as Article 131(1) of the EUTMR is equivalent to Article 90(1) of the CDR.

## CONCERNING TECHNICAL OR TECHNOLOGICAL TRADE SECRETS

We refer to judgment 1549/2019, of 10 September 2019, of the Regional Court of Barcelona (LA LEY 135931/2019), deciding on an appeal against the first instance judgment where it was declared that the defendant had carried out an act of exploitation of an industrial secret provided for under Article 13.1 of the Unfair Competition Law.

In this judgment, the Regional Court declares that the national law did not define a trade secret, indicating that *"however, currently that vacuum has been covered with the Trade Secret Law 3/2019 of 20 February (LSE), effective as of 13/03/2019"*, and indicating that *"it is obvious that the Law cannot be applied retroactively to earlier situations if by doing so the rights of the parties involved are harmed, as provided under Transitory Provision 1 of the Civil Code, but insofar as this provision covers a legal vacuum, its application is accurate as it does not contradict the interpretation that has been made of trade secrets"*.

We therefore already have a judgment which reflects the new law, and we can see how, after explaining the manner in which the law defines a trade secret, said decision assesses in detail, considering the circumstances of the case, the condition of secrecy of the information relating to the protection claimed in the proceeding being heard, pointing out as a question of interest the need to identify those who are the customary users of the information at hand, indicating that **"the party that claims to be the owner**

**of secret information must argue and prove that it is secret**, which is one of its presuppositions. This implies arguing and proving that said information is not generally known and is not readily accessible by its customary users. More specifically, it seems reasonable to maintain that the owner should argue and prove the common general knowledge at that time, as well as the technical novelty of the secret information with respect to said knowledge".

In summary, in relation to technical information in respect of which protection is claimed via trade secret, proof of the common general knowledge at that time of the matter at hand is a primordial issue, with attention being focused on the customary users of said common general knowledge, as well as the technical novelty of the secret information with respect to said common knowledge, that is, in order to argue the existence of the information, it is not enough to simply state that it is a secret and was the object of reasonable measures for its protection. It is also necessary to prove that the knowledge which said information involves is not readily accessible by the customary users of said type of information.

*"In order to argue the existence of the information, it is not enough to simply state that it is a secret and was the object of reasonable measures for its protection. It is also necessary to prove that the knowledge which said information involves is not readily accessible by the customary users of said type of information"*

## **CONCERNING THE REASONABLE MEASURES OF SECURITY FOR PROTECTION OF SECRET INFORMATION**

The judgment of 13 June 2019 of the Commercial Court of Donostia-San Sebastian (LA LEY 125908/2019), deciding on a claim under the Unfair Competition Law, namely, in one of the actions brought, for violation of trade secrets, while not applying the current Trade Secret Law, does indeed interpret the applicable provision under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS; Official State Gazette of 24 January 1995), and with respect to the special measures that the plaintiff should have adopted to preserve the secrecy of certain information, expressly declares that “the infringement of the professional or occupational secret is not enough; the company, who was aware of the special commercial value of the information, should have adopted specific measures to preserve this information so that it could not be transferred to other persons. There must be other circumstances present which clearly show that not everyone in the company had access to this information, and to that

end it should have complied with a protocol for the custody, access and downloading of documentation, while no mention is made of any such protocol. For this reason, we cannot determine that there was a violation of secrets”.

Indeed, this judgment observes that the plaintiff had not adopted special measures to preserve the secrecy of this information, and it considers the proven measures to be insufficient, where such measures consisted exclusively of a password to access the information, without the implementation of alarms and with the access merely being registered. With respect to the duty of secrecy of any employee, which is on record in his or her contract, the security of the company is entrusted to the employees’ and workers’ legal duty to maintain secrecy with respect to the information to which they have access for their occupational function, which the judgment considers to be insufficient.

The judgment also states that “where the adoption of these special measures suited to the case are required, they do not exclusively take into account the existence of legal duties, because for that it would not be necessary to adopt such requirement since it would be enacted in any event when the person who takes it is an employee and refers to the information he or she handles or has available to him or her due to the service or work performed in the company. The infringement of the professional or occupational secret is not enough; the company, who was aware of the special commercial value of the information, should have adopted specific measures to preserve this information so that it could not be transferred to other persons. There must be other circumstances present which clearly show that not everyone in the company had access to this information, and to that end it should have complied with a protocol for the custody, access and downloading of documentation, while no mention is made of any such protocol. For this reason, we cannot determine that there was a violation of secrets”.

This is a first instance judgment against which an appeal will most likely be filed. In any event, however, **it establishes the basis for the interpretation of the legal provision contained in the current Trade Secret Law, the necessary adoption of reasonable measures by the owner of the secret, taking under consideration the circumstances, to keep certain information secret, and how, with respect to employees and without prejudice to the legal or contractual duty to maintain a secret, it is, however, required of anyone who claims protection for the information to be provided with effective and genuine security measures, and that with respect to the information in question it is necessary to adopt protocols for the custody, access and downloading thereof, not being said information accessible for all those persons in the company.**



LATIN AMERICA

## ARGENTINA

**REGULATION OF THE NEW IP LAWS CHANGES**

Throughout 2018 and 2019, the National Institute of Intellectual Property (INPI) issued different regulations to implement the changes introduced by Decree 27/2018 and Law 27,444 in the procedures of the different Intellectual Property Institutes.

In this sense, in the past year the INPI issued the regulatory decrees for Law 22,362 on Trademarks and Designations (Regulatory Decree 242/19 and Resolution 123/19), Law 24,481 on Patents and Utility Models (Regulatory Decree 403/19) and Decree-Law No. 6673/1963 on Industrial Models and Designs (Regulatory Decree 353/19), adapting all Intellectual Property Regulations to the new procedures. This regulatory framework has already entered into force.

In addition, the INPI issued resolutions to regulate the new administrative processes for resolving trademark oppositions (Resolution 183/18) and for requesting the nullity and the cancellation of trademark registrations (Resolution 279/19).

Besides this, general guidelines were issued and minimum requirements and formalities were established to make electronic presentations before the INPI (Resolution No. P-250/18 and Provision DO 1/18), while maintaining the possibility of making paper presentations.

In line with the tendency to fully digitize Intellectual Property procedures, INPI also issued Resolution 9/20, establishing that the user account on the INPI's Procedures Portal (of the applicant or his representative) will constitute his electronic domicile, where all notices will be served, with full legal effectiveness and validity. This new notification modality will be effective as of its publication in the Official Gazette on January 28, 2020.

**MID-TERM STATEMENTS OF USE HAVE ALREADY BEEN INCORPORATED INTO THE TRADEMARK PROCEDURES**

The doubts presented by this new requirement (formalities for submission of the mid-term statement of use, fees to be paid, cases covered by the new obligation, among others) were finally resolved with the issuance of decree No. 242/19 regulating the trademark law No. 242/19 and Resolution INPI 123/19.

*“The declaration must be submitted between the 5th and 6th year as of the granting date of the trademark registration or its renewal and it will suffice to indicate only if the mark was used for any products or services included in the class or as designation of an activity, it is not necessary to make a detailed description nor submit evidence of such use”*

The affidavit can be submitted after the above-mentioned deadline, paying an additional fee for each year of delay.

The holders of new trademark registrations or renewals granted as of January 12, 2013 meet this requirement. The INPI granted an exceptional term until January 11 so that all trademark owners who should comply with this obligation could submit the statement without paying late filing fees.

The lack of presentation does not imply the loss of the registration but the mere presumption of lack of use of the trademark, which may be refuted by providing evidence to the contrary.

Another consequence of the failure to submit this declaration is that the application for renewal will not be processed until the mid-term affidavit is filed (in addition to the declaration of use to renew the trademark).

## **CHANGES IN THE PROCEDURE FOR RENEWING TRADEMARK REGISTRATIONS**

As for the renewal of trademark registrations, the modifications incorporate the possibility of renewing the registration within six months after its expiration, paying an additional fee. However, a renewal filed within the grace period may not affect the validity of third parties' rights that may have arisen between the expiration of the registration and the date of submission of the renewal application within the grace period. Therefore, an identical or similar mark of a third party can be granted during the grace period.

Another change to take into account when renewing trademarks granted as of January 12, 2013 is that, in addition to the affidavit stating that the trademark was used within five years prior to the expiration of the registration, the mid-term statement of use must also be filed, otherwise, the renewal process will not be processed. If such declaration is not presented after the Trademark Office requests it, the application is declared abandoned.

## **SHORTER PERIODS TO ANSWER OFFICE ACTIONS**

One of the main purposes of the changes in the IP procedures is the reduction of the terms to expedite the processes. The terms for answering office actions are out of this reduction.

As regards to trademarks, the regulatory decree of the Trademark Law establishes that observations must be answered within a period of 30 running days.

If the office actions are notified together with oppositions, the term for filing the response will be of 3 months.

When notifications are published in the Trademark Gazette, the term will start to run 30 days after the publication so that the applicant can obtain the grounds of the observations (previously, a 60-day term was given to obtain the grounds). This interval will not apply to notifications of opposition, in these cases the term will start running as from the publication in the Trademark Gazette.

*“As regards to trademarks,  
the Regulatory Decree of  
the Trademark Law  
establishes that  
observations must be  
answered within a period  
of 30 running days “*

Automatic extensions to answer Trademark Office's actions are reduced to only two: the first of 10 running days and the second of 5 running days.

In relation to patents and utility models, the National Patent Administration provided that the three automatic and consecutive extensions of 30 running days will be applied only for answering actions requesting clarifications prior to the substantive examination, or issued during preliminary examination, substantive examination or the action prior to final resolution.

For the rest of the actions, the applicant must request the extension in writing and pay the fee before the deadline.

## **CHOOSE WHICH PRODUCTS AND SERVICES WILL BE PROTECTED**

Among the new technologies adopted by the INPI to make the procedures 100% electronic, the "TM Class" classification tool and the EUIPO harmonized database to select the products and services covered by the trademark were added to the new trademark application form.

The correct classification of those products or services included in the TM Class list will be automatically accepted and the application will be published in the Trademark Bulletin within a few weeks. Products and services that are not listed in TM Class can be added to the application, but the description will be subject to the examiner's analysis during the preliminary examination stage,

and this will also delay the publication of the application.

Moreover, together with the adoption of this new modality for filing trademark applications, the INPI established that applications for new trademarks covering the whole class will no longer be accepted. Such applications will be denied due to formal error.

This prohibition only reaches applications for new trademarks. Renewal of trademark registrations covering "the whole class" can continue to be renewed with the same broad protection

# BRAZIL

In 2019 several changes took place in Brazil. Last year started with a new Brazilian President, who promised to reduce the bureaucracy of public services and to raise the national economy through foreign investment. As a result, the structure of Government was also changed to achieve these promises. A new Special Secretariat for Productivity, Employment and Competitiveness was created, therefore the responsibilities of the Brazilian Patent and Trademark Office (here and after referenced as BRPTO) was removed from the Ministry of Industry, Foreign Trade and Services to this new Secretariat.

## A NEW PERSPECTIVE FOR INTELLECTUAL PROPERTY

Aligned to these changes, on January 8th, 2019 Mr. Cláudio Vilar Furtado, a highly qualified professional with extensive experience in the economic field, was announced as the new President of the BRPTO presenting its Strategic Plan for the next two years.

The ambitious objectives of the Strategic Plan can be summarized as:

- Optimization of quality and efficiency to the granting of Intellectual Property rights;
- Expand and improve the availability of information and knowledge in Intellectual Property;
- Contribute to Brazil's participation in the international Intellectual Property system;
- Achieve BRPTO's organizational excellence and
- Promote the development, performance and well-being of the BRPTO's professional staff.

Within the scope of this Strategic Plan, the main specific challenges were the patent backlog reduction and the implementation of the Madrid Protocol, which were successfully implemented during 2019, bringing several changes for Patent and Trademark Prosecution and creating positive expectations for the industry sector.

Therefore, the next paragraphs aim to present the performance of Brazil and highlight the developments and challenges regarding these historical changes.

## PATENT BACKLOG REDUCTION

With the ordinance of the Intellectual Property Law from 1996, which was issued to adapt the regime of Brazilian Intellectual Property to the TRIPS Agreement, Brazil started facing a massive patent backlog problem, being internationally known as one of the countries with the longest waiting period to grant a patent. The problem was also due to the necessity of prior approval from the Brazilian Health Surveillance Agency (ANVISA) for patent applications claiming pharmaceutical products or processes, one of the technology fields that had the worst backlog. As the relationship between ANVISA and BRPTO was never smooth, this also contributed to the main problem in the patent area.

Since 2016, when the backlog reached the worst scenario with 243,820 patent applications pending of final decision, the Brazilian PTO has been adopting measures to reduce the average time for patent analysis through the implementation of many different strategies, as the hiring of new examiners, the creation of several fast-track programs, the signature of Patent Prosecution Highway (PPH) Agreements with other Patent Offices and last but not least, the solution of the problem related to the pre-approval from ANVISA.

These actions helped to reduce the problem to about 149,930 patent applications pending of final decision in mid-2019.

However, the most important effort to solve the past backlog came into effect on August 1st, 2019, called "Pre-examination Office Action Program". This new program was announced on July 3rd, 2019 as part of an initiative to stimulate business environment in Brazil and was described by the Ministry of Economy as a "milestone in the Brazilian economy due to Intellectual Property being today the most important asset in international negotiations".

**The goal is to reduce the patent backlog by at least 80% by 2021.**

These new procedures "are fully in line with a resolution from TRIPs on extreme backlogs in patent examination" that the Executive Committee of the International Federation of Intellectual Property Attorneys (FICPI) adopted in 2017, said Julian Crump FICPI President.

The program is comprised of two Resolutions 240/2019 and 241/2019, which regulate the preliminary requirements for a patent application of inventions pending examination with prior art searches carried out by patent offices of other countries, as well as regional or international organizations.

These Resolutions apply to the patent application:

- . Not submitted to the first technical examination carried out by BRPTO;
- . Not subject to any type of priority examination by BRPTO;
- . Not containing third-party or ANVISA's observations;
- . Having a corresponding application with searches of prior art carried out by Patent Offices of other countries and international or regional organizations;
- . With a filing date up to 31/12/2016.

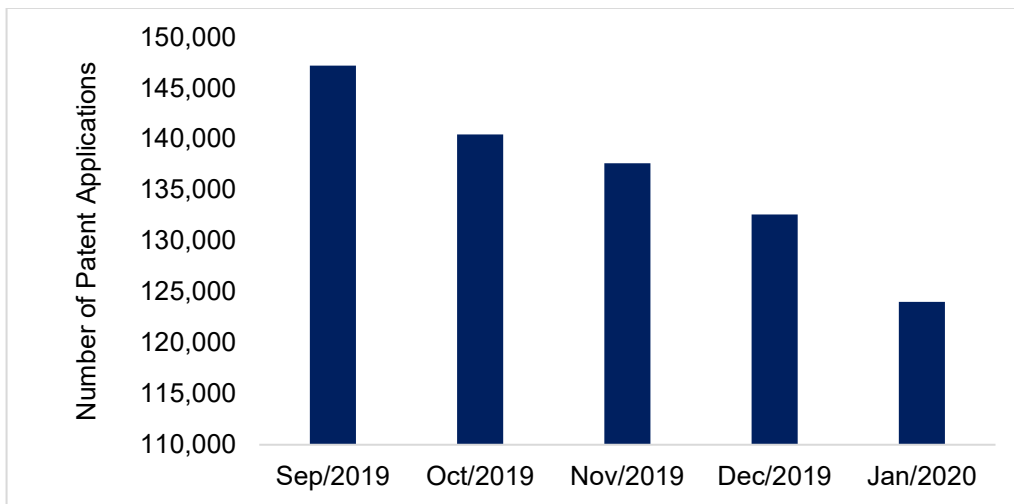
Once the requirements of the Resolutions have been fulfilled, the BRPTO publishes the preliminary report with searches and requirements for the applicant to amend the application and/or file arguments regarding the patentability requirements according to the documents cited in the searches.

For those cases which have third-party or ANVISA's observations the patent applications will be subject to regular examination, as they are not encompassed by the new program.

Results

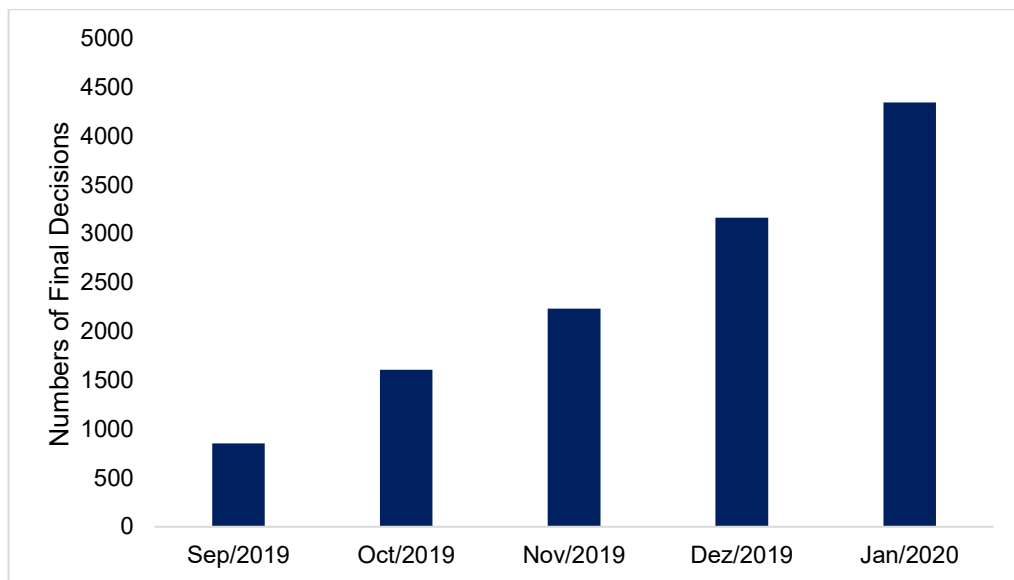
Since the start of the program, the Official Bulletin has been publishing an average of 2,000 Pre-examination Office Actions per week, and the results of these first 5 months are encouraging.

Backlog reduction over five months of program



BRPTO: <http://www.inpi.gov.br/menu-servicos/patente/plano-de-combate-ao-backlog>

Increase in the number of final decisions



BRPTO: <http://www.inpi.gov.br/menu-servicos/patente/plano-de-combate-ao-backlog>

Currently, the backlog comprises 44,740 patent applications in the chemical field, 31,940 in mechanical, 23,170 in electrics engineering, 17,490 in instruments and 16,600 in other areas.

According to the BRPTO Data from January 2020, the average time for patent examination was reduced from 10 to 9.3 years. This caused important changes in the strategy for patent prosecution in Brazil, considering that the 10-year-term for a grant is over, and therefore the total duration period of a patent will be 20 years from the filing date. This scenario eliminates the possibility of patents having a validity of more than 20 years, since in accordance with the Brazilian IP Law, the term of a patent shall not be less than 10 years counted from the granting date.

This was the first goal achieved by the BRPTO, and hopefully further goals provided by this Program can consolidate Brazil on parity with its foreign counterparts.

## MADRID PROTOCOL ADHESION

Due to the current globalization of the marketplace, it is important to obtain a trademark protection worldwide, and the Madrid Protocol simplifies the process of obtaining a trademark in a foreign country by utilizing the World Intellectual Property Organization (WIPO) as a single point of contact for international trademark registrations.

It is worth mentioning the importance that the Madrid System can have in boosting the economy, especially for a country like Brazil which has an export-oriented economy with 36 percent of manufactured goods, being the signature of the Madrid Protocol by the country something that was expected for over a decade.

Similar to the patent area, since 2016 the BRPTO has been adopting measures for the approval of the Madrid Protocol. The average time of examination was reduced to less than half, the timeline between filing and the technical examination of trademarks was reduced from 48 months (applications with opposition) and 24 months (applications with no opposition) to 13 and 12 months, respectively. The objective for 2021 is 8 and 4 months.

This wait was finally over in 2019. The most wanted change in the trademark area was approved by the Brazilian Government and came into effect on October 2nd, 2019.

Therefore, the BRPTO published three new Resolutions as follows:

- . The Resolution 247/2019 - Establishes the registration of trademarks under the Madrid Protocol for "International registration of marks" and "Designation of Brazil for Territorial Extension";
- . The Resolution 248/2019 - Establishes a multiclass system and
- . The Resolution 249/2019 - Establishes Trademark Guidelines.

Prior to the Madrid Protocol adhesion, the BRPTO reflected a positive trend in 2018 with a notable increase of 9.8% in the trademark filing activity.

It is expected that the adhesion to the Madrid Protocol will promote the internationalization of registered trademarks from Brazilian Applicants.

Foreign companies are also benefiting from this new opportunity to guarantee their trademark protection in Brazil, even though the existing developments by the BRPTO have already provided local and foreign companies with a more reliable and expeditious trademark prosecution environment.

### International registration designating Brazil for territorial extension

Any request for Brazilian Territorial Extension of the protection resulting from the international registration must be in Portuguese as well as all documents accompanying said request. The documents filed in other languages different from Portuguese must be filed jointly with a simple translation.

The International Registration that designates Brazil for Territorial Extension must have the same effect as the application filed directly in Brazil. Likewise, the protection granted by the Brazilian PTO to a trademark registration granted via the Madrid Protocol shall be identical to the protection granted to a trademark registration obtained directly at the Brazilian PTO (without using the Madrid Protocol). For instance, an international registration designating Brazil shall, from the designation date, have the same effect as an application for a Brazilian Trademark and the protection of trademarks through the filing of an international

application under the Madrid Protocol will have a term of 10 years counted from the date of its grant.

International registrations designating Brazil shall be subject to examination as to absolute grounds of refusal in the same way as applications for Brazilian trademarks and in accordance with the provisions of IP Law No. 9279/16.

International registrations designating Brazil shall be subject to oppositions in the same way as published Brazilian trademark applications. The designation notice will be published for the filing of oppositions within a period of 60 days, the applicant will be notified of the opposition and may respond within a period of 60 days.

The renewal of an international registration shall be requested by the applicant before the International Office. The Brazilian Designations pending of examination without renewal will be archived.

### Multiclass System and co-ownership

The Resolution INPI/PR No. 248/2019 introduces a multiclass system that entered into force on October 2, 2019. This Resolution establishes that the petitions relating to the multiclass system and co-ownership of trademarks will only become available at the e-INPI System as of March 9, 2020.

Furthermore, co-ownership of trademark registrations is now possible, which should constitute a new and important strategic option for several different businesses.

### Results

The data available at the BRPTO demonstrates that the Office received, from October 2019 up to January 2020, 34 International Applications covering 64 classes, designating mainly the United States of America, Colombia, Europe, and China.

During the same period, Brazil received 1,986 designations for a territorial extension comprising 4,705 classes. The initial annual's (period of 12 months) forecast was 8,200 designations and in the first 3 months, Brazil had already achieved 50% of this prevision. The origin of Designations to Brazil was the United States of America, Europe.



## CONCLUSIONS

Last year can be classified as the year of changes in Intellectual Property in Brazil. Another key milestone that can be cited and that was discussed in 2019 is the consolidation of the PPH system for all technical fields. For 2020, it is expected that the Data Protection Law will come into force.

Additionally, according to the BRPTO's Strategic Plan for 2021, the goal is to further reduce the prosecution deadlines:

- **Trademarks:** 8 months in applications with opposition and 4 months in applications without opposition;
- **Patents:** 4 years counted from the filing date or 1 year from the request for examination for the issuance of the first official action.
- **Industrial Designs:** 2 months for the issuance of the first official action.
- **Second instance:** 6 to 12 months.

# MEXICO

## EXEMPTION OF THE REGULATORY APPROVAL FOR IMPORTED DRUGS

*“This past 28 January 2020, the Mexican Federal Health Secretariat published a decision whereby the importation of medicines from other countries without a prior sanitary registration granted by the Federal Commission for Protection against Sanitary Risks (Comisión Federal para la protección Contra Riesgos Sanitarios–COFEPRIS) shall be permitted”*

The fundamental arguments for the issuance of said decision are the following:

- To guarantee the correct provision of services by means of establishing a system to control the supply of medicines and their raw materials for health.
- To allow the purchase of medicines in any country around the world to prevent the shortage of supplies as occurs, for example, in the case of cancer medicines in other countries.
- To increase the stocks of medicines, which helps to reduce monopolies. This decision allows foreign companies to import medicines that have not been granted a sanitary registration issued by the Mexican authorities.

It must be highlighted that a sanitary registration will continue to be necessary, but those registrations which are deemed as equivalent will be recognized as valid by means of a simple and quick administrative procedure, provided that they have been authorized by any of the following regulatory authorities: Swiss Agency for Therapeutic Products-Swissmedic; European Commission (European Medicines Agency); USA Food and Drug Administration (FDA); Ministry of Health of Canada; Therapeutic Goods Administration of Australia; PAHO/WHO Reference Regulatory Agencies; previously qualified by the World Health Organization's Prequalification Programme for Medicines and Vaccines; or Regulatory Agency members of the Pharmaceutical Inspection Co-operation Scheme.

In the administrative procedure to obtain the sanitary registration, if there is a patent for the active substance or ingredient, the applicant shall be required to submit documentation showing that he is the owner of said patent or holds the corresponding license, and these documents must be registered in the Mexican Industrial Property Institute (Instituto Mexicano de la Propiedad Industrial, IMPI); the importance of the registration of licenses that may exist in relation to the patents also ensues.

This decision entered into force the day after its publication, that is, 29 January 2020.

## FUTURE POSSIBLE AMENDMENTS TO THE INTELLECTUAL PROPERTY LAW

In November 2019, proposals were submitted by different political positions to make reforms to the Intellectual Property Law (IPL) in order to adjust the national legislation with the standards of the Trans-Pacific Partnership (TPP), the United States-Mexico-Canada Agreement (USMCA) and the modernized EU-Mexico Global Agreement. These proposals will be evaluated by the Senate in the coming months. However, one of the proposals is particularly ambitious by looking to modify the powers of the Mexican Institute of Industrial Property (IMPI) and different aspects of the procedures of inventions, models and industrial designs applications.

The approach of this initiative aims to reorder the IPL in seven Titles, of which the following stands out:

### First Title General Provisions

- *Chapter I, Preliminary Provisions.* It would establish the supplementary rules and order in which the supplementarity must operate, particularly the Federal Administrative Procedure Law and the Federal Civil Procedures Code, with respect to the IPL.

Extension of powers of the Mexican Institute of Industrial Property on actions related to unfair competition, as well as the determination of fines for compensation for damages in Intellectual Property rights infringements.

- *Chapter II General Rules.* Referring to the characteristics that any application or promotion must meet; the nature of the Intellectual Property Gazette and its role as a means of notification of resolutions, calculation of deadlines and the public nature of the registration of Intellectual Property rights.
- *Chapter III Representation and General Registry of Powers.* Regarding the way the personality of legal representatives must be accredited.

### Second Title of Inventions, Utility Models, Industrial Designs and Layout Designs of Integrated Circuits

- *Chapter I Preliminary Provisions.* Incorporating the figure of the creator of the circuit layout designs and inalienability to the character of inventor, designer or creator.
- *Chapter II Patent.* It incorporates concepts of art. 4 of the Paris Convention and the PCT on claiming and withdrawal of priorities, as well as expressly refer to the second medical use, integrates Roche-Bolar exception to use non-expired patents by a third party.
- *Chapter III Utility Models.* Including modification of validity.
- *Chapter IV Industrial Designs.* Includes in its definition the artisanal products. Simplification of procedures in line with the Hague agreement.
- *Chapter V On the Layout Designs of Integrated Circuits.*

- *Chapter VI Patent Prosecution.* It proposes a reduction to one formal requirement: payment of validity per year instead of five-year periods.
- *Chapter VII Waiver, Rectification and Limitation of Rights.*
- *Chapter IX Licensing and Transfer of Rights.*
- *Chapter X The Nullity and Expiration of Patents and Registrations.* It includes declaring partial nullities of patents or registrations.

### **Third Title of Industrial Secrets**

### **Fourth Title of Trademarks, Slogans and Commercial Names**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>· Chapter I<br/>Of Trademarks</li> <li>· Chapter II<br/>Collective and Certification<br/>Trademarks</li> <li>· Chapter III<br/>Of the Well-Known and Famous<br/>Trademarks</li> <li>· Chapter IV<br/>Slogans</li> </ul> | <ul style="list-style-type: none"> <li>· Chapter V<br/>Commercial Names</li> <li>· Chapter VI<br/>Trademark Registration</li> <li>· Chapter VII<br/>Licensing and Transfer of Rights</li> <li>· Chapter VIII<br/>Nullity, Expiration and Cancellation<br/>of Records.</li> </ul> |
|--|--|

Without major modifications since this matter was reformed on May 18, 2018.

### **Fifth Title of Designation of Origin and Geographical Indications**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>· Chapter I<br/>Common Provisions</li> <li>· Chapter II<br/>Processing of the Declaration of Protection</li> <li>· Chapter III<br/>Use Authorization</li> </ul> | <ul style="list-style-type: none"> <li>· Chapter IV<br/>Cessation of the Effects of Declarations and<br/>Authorizations for Use</li> <li>· Chapter V<br/>Recognition of Protected Designations of<br/>Origin and Geographical Indications Abroad.</li> </ul> |
|--|--|

Without major modifications since this matter was reformed on March 13, 2018.

## Sixth Title of the Administrative Declaration Procedures

- . Chapter I General Provisions.
- . Chapter II Inspection.
- . Chapter III Notification.

## Seventh Title of Infringements, Administrative Sanctions and Offences

- . Chapter I Of the Infractions and Administrative Sanctions.
- . Chapter II Of Offences.
- . Chapter III Judicial Procedures.

We reiterate that these statements refer only to reform initiatives and are not official modifications accepted as they are under discussion and adjustment period.

## ADOPTION OF THE HAGUE AGREEMENT

On September 5th, 2019, the Mexican Senate approved the accession to the Hague Agreement to allow the management of the registration of designs and models by means of a single application derived from the one filed at the World Intellectual Property Organization (WIPO). On January 17th, 2020, the acceptance of the Hague Agreement and the declarations of the Mexican state on it have been published in the Official Gazette of the Federation. In the following months, Mexico will deposit the instrument of accession to the Geneva Act of the Hague Agreement before WIPO.

It should be noted that the amendments to the Intellectual Property Law of May 2018 already introduced the requirements, as well as the validity of industrial designs and models established in the Hague Agreement, so any additional modification in future reforms would be minor.

The entry into force will be duly informed when the date has been established.

## USPTO-IMPI AGREEMENT

On January 28th, 2020, IMPI and the USPTO signed a bilateral patent agreement so that, at the time of reviewing a patent application, IMPI will start from the previous technical analysis done by the USPTO when the application has been submitted and reviewed in the USA, seeking to expedite the granting of patents.



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