

DECISION 486
Common Intellectual Property Regime
(Non official translation)

THE COMMISSION OF THE ANDEAN COMMUNITY,

HAVING SEEN:

Article 27 of the Cartagena Agreement and Commission Decision 344;

DECIDES:

To replace Decision 344 by the following Decision:
COMMON INTELLECTUAL PROPERTY REGIME

TITLE I
GENERAL PROVISIONS

On National Treatment

Article 1. - Each Member Country shall accord the nationals of other members of the Andean Community, the World Trade Organization, and the Paris Convention for the Protection of Industrial Property, treatment no less favorable than it accords to its own nationals with regard to the protection of intellectual property, subject to the exceptions already provided in articles 3 and 5 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and in article 2 of the Paris Convention for the Protection of Industrial Property.

Member Countries may also accord such treatment to the nationals of a third country under the terms of their respective domestic legislation.

On Most-Favored-Nation Treatment

Article 2.- With regard to the protection of intellectual property, any advantage, favor, privilege, or immunity granted by a Member Country to the nationals of any other Andean Community Member Country shall be accorded to the nationals of all other Members of the World Trade Organization or of the Paris Convention for the Protection of Industrial Property.

The stipulation set forth in the preceding paragraph shall be applicable without prejudice to the reservations provided for in articles 4 and 5 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

On the Biological and Genetic Heritage and Traditional Knowledge

Article 3.- The Member Countries shall ensure that the protection granted to intellectual property elements shall be accorded while safeguarding and respecting

their biological and genetic heritage, together with the traditional knowledge of their indigenous, African American, or local communities. As a result, the granting of patents on inventions that have been developed on the basis of material obtained from that heritage or that knowledge shall be subordinated to the acquisition of that material in accordance with international, Andean Community, and national law.

The Member Countries recognize the right and the authority of indigenous, African American, and local communities in respect of their collective knowledge.

The provisions of this Decision shall be applied and interpreted in such a way that they do not contravene the stipulations of Decision 391 and its effective amendments.

On the Periods and Deadlines

Article 4.- The effective periods for carrying out the procedures stipulated in this Decision that are subject to publication or notification shall be counted as of the day following the notification or publication of the act involved, unless stipulated otherwise in this Decision.

Article 5.- When periods are given in days, these shall be considered working days, unless this Decision stipulates otherwise. If the period is stated in months or years, it shall be computed from date to date. If there is no day equivalent to the starting day of the period in the month of expiration, the last day of the month shall be considered the deadline. If the last day is not a working day, then the deadline shall be considered as having been extended to the following working day.

On the Notifications

Article 6.- The competent national office may set up a system of notification to adequately communicate its decisions to the interested parties.

On the Language

Article 7.- Application petitions addressed to the competent national office shall be submitted in Spanish.

Article 8.- All documents that are processed by the competent national offices shall be submitted in Spanish. Otherwise, they shall be accompanied by unauthenticated Spanish translations. The competent national office may, however, dispense with the presentation of the translations of those documents should it deem this advisable.

On the Claim of Priority

Article 9.- The first application for an invention or utility model patent or for the registration of register an industrial design or a trademark that is validly filed in

another Member Country or with a national, regional, or international authority to which the Member Country is linked by a treaty establishing an analogous right of priority to that established in this Decision, shall confer on the applicant or the applicant's assignee the right of priority in filing for a patent or registration on the same subject-matter in the Member Country. The scope and effects of the right of priority shall be those provided in the Paris Convention for the Protection of Industrial Property.

The right of priority may be based on a previous application filed with the competent national office in the same Member Country, provided that a previous right of priority was not claimed in that application. In that case, filing a subsequent application claiming priority shall mean abandoning the previous application in respect of the subject matter that is common between the two.

Any application validly accepted for processing as provided for in Articles 33, 119, and 140 of this Decision or in such treaties as are applicable, is acknowledged to confer the right of priority.

In order to qualify for that right, an application claiming priority shall be filed within the following unextendable periods to be counted as from the filing date of the application whose priority is claimed:

- a) twelve months for patents on inventions and utility models; and,
- b) six months for registrations of industrial designs and trademarks.

Article 10.- For the purposes of the previous article, a declaration shall be submitted accompanied by the pertinent documentation claiming the priority of the previous application and stating its filing date, the office to which it was submitted, when it was granted, and the number assigned to it, if known. The competent national office may prescribe the payment of a fee for processing priority claims.

The declaration and the pertinent documentation shall be submitted together with or separately from the application within the following unextendable periods to be counted as from the filing date of the priority claim:

- a) in the case of patents on inventions or utility models: sixteen months; and,
- b) in the case of applications for registration of industrial designs or trademarks: nine months.

Also to be presented are a copy of the application whose priority is claimed, certified by the issuing authority, a certificate attesting to the application filing date issued by the same authority, and, if applicable, the proof of payment of the prescribed fee.

No formalities in addition to those stipulated in this article shall be required for purposes of the right of priority.

Article 11. - Failure to comply with the deadlines, present the documents, or pay the fee shall result in the loss of the priority claimed.

On Discontinuance and Abandonment

Article 12.- The applicant may discontinue the application at any time during the process. Discontinuance of a patent or registration application shall bring the administrative proceeding to an end as of the declaration of conclusion by the competent national office and the assigned presentation date shall be lost.

If the discontinuance predates the publication of the application, that application shall not be published. In the case of patents on inventions or utility models or the registration of an industrial design, the information shall be kept confidential and may not be consulted without written consent from the applicant unless the time-limit set forth in article 40 has been reached.

Article 13.- The stipulations of the previous article shall be applicable to the abandonment of the application proceeding as pertinent.

TITLE II ON PATENTS

CHAPTER I On Patentability Requirements

Article 14.- The Member Countries shall grant patents for inventions, whether goods or processes, in all areas of technology, that are new, involve an inventive step, and are industrially applicable.

Article 15.- The following shall not be considered inventions:

- a) discoveries, scientific theories, and mathematical methods;
- b) Any living thing, either complete or partial, as found in nature, natural biological processes, and biological material, as existing in nature, or able to be separated, including the genome or germ plasm of any living thing;
- c) literary and artistic works or any other aesthetic creation protected by copyright;
- d) plans, rules, and methods for the pursuit of intellectual activities, playing of games, or economic and business activities;
- e) computer programs and software, as such; and,

f) methods for presenting information.

Article 16.- An invention may be deemed new when not included in the state of the art.

The state of the art comprises everything that has been made available to the public by written or oral description, use, marketing, or any other means prior to the filing date of the patent or, where appropriate, of the priority claimed.

Solely for the purpose of determining novelty, the contents of a patent application pending before the competent national office and having a filing date or priority application date earlier than the date of the patent or patent priority application under examination, shall likewise be considered part of the state of the art, provided that the said contents are included in the earlier application when published or that the period stipulated in Article 40 has concluded.

Article 17.- For the purposes of determining patentability, no account shall be taken of any disclosure of the contents of the patent during the year prior to the filing date of the application in the Member Country or during the year before the date of priority, if claimed, providing that the disclosure was attributable to:

- a) the inventor or the inventor's assignee;
- b) a competent national office that publishes the contents of a patent application filed by the inventor or the inventor's assignee in contravention of the applicable provision; or,
- c) a third party who obtained the information directly or indirectly from the inventor or the inventor's assignee.

Article 18.- An invention shall be regarded as involving an inventive step if, for a person in the trade with average skills in the technical field concerned, the said invention is neither obvious nor obviously derived from the state of the art.

Article 19.- An invention shall be regarded as industrially applicable when its subject matter may be produced or used in any type of industry; industry being understood as that involving any productive activity, including services.

Article 20.- The following shall not be patentable:

- a) inventions, the prevention of the commercial exploitation within the territory of the respective Member Country of the commercial exploitation is necessary to protect public order or morality, provided that such exclusion is not merely because the exploitation is prohibited or regulated by a legal or administrative provision;
- b) inventions, when the prevention of the commercial exploitation within the respective Member Country of the commercial exploitation is necessary to protect

human or animal life or health or to avoid serious prejudice to plant life and the environment, provided that such exclusion is not made merely because the exploitation is prohibited or regulated by a legal or administrative provision;

c) plants, animals, and essentially biological processes for the production of plants or animals other than non-biological or microbiological processes;

d) diagnostic, therapeutic, and surgical methods for the treatment of humans or animals.

Article 21.- Products or processes already patented and included in the state of the art within the meaning of Article 16 of this Decision may not be the subject of new patents on the sole ground of having been put to a use different from that originally contemplated by the initial patent.

CHAPTER II

On the Patent Owners

Article 22.- The right to a patent belongs to the inventor and may be assigned or transferred by succession.

Patent owners may be natural or judicial persons.

If several persons make an invention jointly, they shall share the right to patent it.

If several persons make the same invention, each independently of the others, the patent shall be granted to the person or assignee with the first filing date or, where priority is claimed, date of application.

Article 23.- Without prejudice to the provisions of national law in each Member Country, in the case of inventions made in the course of an employment relationship, the employer, whatever its form and nature, may transfer part of the economic benefits deriving from the innovations to the employee inventors in order to promote research activity.

Entities receiving state funding for their research shall reinvest part of the royalties received from the marketing of those inventions to generate a continuing supply of research funds and encourage researchers by giving them a share of the proceeds from the innovations, in accordance with the legislation in each Member Country.

Article 24.- The inventor shall have the right to be cited as such in the patent or to oppose being so mentioned.

CHAPTER III

On Patent Applications

Article 25.- A patent application may cover only one invention or a group of interrelated inventions that constitute a single inventive concept.

Article 26.- Applications for patents shall be filed with the competent national office and shall contain:

- a) the petition;
- b) the description;
- c) one or more claims;
- d) one or more drawings, if needed to understand the invention which, shall be considered an integral part of the description;
- e) a summary;
- f) such powers of attorney as may be needed;
- g) proof of payment of the prescribed fees;
- h) a copy of the contract for access, if the products or processes for which a patent application is being filed were obtained or developed from genetic resources or byproducts originating in one of the Member Countries;
- i) if applicable, a copy of the document that certifies the license or authorization to use the traditional knowledge of indigenous, African American, or local communities in the Member Countries where the products or processes whose protection is being requested was obtained or developed on the basis of the knowledge originating in any one of the Member Countries, pursuant to the provisions of Decision 391 and its effective amendments and regulations;
- j) the certificate of deposit of the biological material, if applicable; and,
- k) a copy of the document attesting to the transfer of the patent right by the inventor to the applicant or assignee.

Article 27.- The patent application petition shall be a form that shall include the following information:

- a) the application for a patent grant;
- b) the applicant's name and address;

- c) the nationality or address of the applicant and, should the applicant be a judicial person, the place of incorporation;
- d) the name of the invention;
- e) the name and address of the inventor, if a person other than the applicant;
- f) the name and address of the applicant's legal representative, if pertinent;
- g) the signature of the applicant or of the applicant's legal representative; and,
- h) the date, number, and office of filing of any such application for a patent or other patent protection as may have been filed or obtained abroad by the applicant or assignee in respect of part or all of the same invention claimed in the application being filed in the respective Member Country, if pertinent.

Article 28.- The description of the invention shall be sufficiently clear and complete to be understood and for the invention to be carried out by a person skilled in the art. The description shall contain the name of the invention and the following information:

- a) the technological sector to which the invention refers or in which it shall be applied;
- b) prior technology known to the applicant that would help the invention to be understood and examined and references to previous documents and publications that discuss the technology involved;
- c) a description of the invention in such a way that the technical problem and the solution provided by the invention may be understood, explaining the differences and possible advantages with respect to previous technology.
- d) a brief description of the drawings if there are any;
- e) a description of the best method known to the applicant for carrying out the invention, with the use of examples and references to the drawings if they are pertinent; and,
- f) a statement as to how the invention meets the condition of being capable of industrial application, if this is not clear from the description or the nature of the invention itself.

Article 29.- Where the invention refers to a product or a process involving biological material and the invention cannot be understood and carried out, as described, by a person skilled in the art, it must be accompanied by a deposit of the said

material.

The material shall be deposited by the filing date in the Member Country or, where priority is claimed, the date of application. Deposits with an international authority recognized under the 1977 Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure or any other institution acknowledged by the competent national office as appropriate for this purpose shall be valid. In such cases, the name and address of the depositary institution, the date of deposit, and the number assigned by that institution to the deposit shall be included in the description.

The deposit of biological material shall be valid for granting a patent only if it is carried out in such a way that any interested person may obtain samples of that material by the date of expiration of the period stipulated in article 40, at the latest.

Article 30.- Claims shall specify the subject matter for which patent protection is sought. They must be stated clearly and concisely and be fully substantiated by the description.

Claims may be independent or dependent. A claim shall be independent when it defines the subject matter in respect of which protection is sought without referring to any previous claim. A dependent claim, on the other hand, defines the subject matter for which protection is sought by referring to a prior claim. A claim referring to two or more previous claims is considered a multiple dependent claim.

Article 31.- The summary shall consist of a synthesis of the technical explanation given in the patent application. That summary shall be used to provide technical information only and shall have no effect whatsoever on the interpretation of the scope of protection conferred by the patent.

Article 32.- No Member Country may require the fulfillment of patent application requirements additional to or other than those set forth in this Decision.

Without prejudice to the foregoing, should the competent national office, during the processing of the application, have any reasonable doubts about any of the elements included, it may request the applicant to provide the necessary substantiating evidence.

Article 33.- The date of its receipt by the competent national office shall be considered the application filing date, providing that the application contained the following elements:

a) a statement that the applicant is applying for a patent;

- b) data identifying the applicant or person filing the application or that shall enable the competent national office to communicate with that person;
- c) a description of the invention;
- d) the drawings, if pertinent; and,
- e) the proof of payment of the prescribed fees.

Failure to comply with any of the requirements specified in this article shall cause the competent national office to reject the application for processing and no filing date shall be assigned to it.

Article 34.- The applicant for a patent may, at time during the processing, request the modification of the application, but that modification may not involve extending the scope of protection beyond the use indicated in the initial application.

The applicant may, likewise, request the correction of any material error.

Article 35.- Patent applicants may, at any time during the processing, request the conversion of their applications for an invention patent into applications for a utility model patent. That change in application shall be possible only if the nature of the invention permits that conversion.

An applicant may submit a petition for conversion of an application one time only. The converted application shall keep the original filing date.

The competent national offices may, at any stage of the processing, suggest that the applicant make a conversion in the patent being applied for and order an additional fee to be paid for filing the application for its conversion.

The applicant may accept or reject the suggestion on the understanding that if it is rejected the application shall continue to be processed as originally filed for.

Article 36.- Applicants may, at any time during the processing, divide their applications into two or more divisional applications, but none of these may have the effect of extending the scope of protection beyond the use indicated in the initial application.

The competent national office may, at any time during the process, ask the applicant to divide the application if it fails to comply with the requirement for the unity of the invention.

Each divisional application shall be entitled to keep the original filing date or, where priority is claimed, the initial date of application.

Where multiple or partial priorities are claimed, the applicant or the competent national office shall state what priority date or dates shall be applicable to the subject matters that each of these divisional applications shall cover.

For the purposes of the division of an application, the applicant shall file the necessary documents to complete each of the resulting applications.

Article 37.- The applicant may, at any moment during the processing, combine two applications into a single one, but this combination may not involve extending the scope of protection beyond the use indicated in the initial application.

No combination shall be permitted if the merged applications fail to comply with the requirement for the unity of the invention stipulated in article 25.

The combined application shall be entitled to keep the original filing date or, where priority is claimed, the initial date or dates of application.

CHAPTER IV

On the Processing of the Application

Article 38.- The competent national office shall examine the application within 30 days following its filing to ascertain whether it meets the conditions of form specified in articles 26 and 27.

Article 39.- If the examination of form reveals that the application does not fulfill the requirements referred to in articles 26 and 27, the competent national office shall request the applicant to complete those requirements within a period of two months following the date of notification. That period may be extended once, upon request, for an equal length of time without loss of priority.

If, on expiration of the specified period, the applicant has failed to comply with the required conditions, the application shall be considered abandoned and shall lose its order of preference. Without prejudice to this, the competent national office shall keep the information contained in the application confidential.

Article 40.- Within eighteen months after the filing date in the Member Country concerned or, where priority is claimed, after the date of application, the file shall assume a public nature and shall be open for consultation. The competent national office shall accordingly order the publication of that application in conformity with pertinent domestic provisions.

The applicant may request the publication of the application at any time after the examination of its form has been concluded, notwithstanding the stipulation of the previous paragraph. In that case, the competent national office shall order its publication.

Article 41.- A patent application file may not be consulted by third parties until the end of a period of eighteen months computed from its filing date, unless written consent has been obtained from the applicant.

Persons able to prove that the applicant for a patent has sought to assert against them rights deriving from that application may consult the file prior to publication without the consent of the said applicant.

Article 42.- Within a period of 60 days following the date of publication, any person with a legitimate interest may, one time only, submit valid reasons for contesting the patentability of the invention.

The competent national office shall grant once, upon request, a sixty-day extension in which to provide valid reasons for that opposition.

Reckless objections may be sanctioned if so stipulated by domestic law.

Article 43.- If any objections have been lodged, the competent national office shall request that the applicant present its arguments, submit documents, or rewrite the invention claims or description, as they see fit, within sixty days following that notification.

The competent national office shall grant applicants once only, upon request, a sixty-day extension in which to make their defense against the objections that have been presented.

Article 44.- The applicant shall request an examination be made of the patentability of the invention within six months after publication of the application, regardless of whether or not any objections have been filed. Member Countries may charge a fee for making the examination. If that period elapses without these applicant having requested the examination, their applications shall be considered to have been abandoned.

Article 45.- Were the competent national office to ascertain that their inventions are not patentable or fail to comply with any one of the requirements for granting patents stipulated in this Decision, it shall notify the applicants accordingly. These shall respond to that notification within sixty days after the date of notification. This period may be extended one time only for a period of thirty additional days.

The competent national office may notify applicants two or more times, pursuant to the preceding paragraph, should it deem such notifications necessary for its examination of the invention's patentability.

If those applicants fail to file an answer to the notification within the stipulated period or if, despite their explanations, the impediments to granting the patent continue to exist, the competent national office shall deny those patents.

Article 46.- The competent national office may request reports from experts or from scientific or technological bodies that are considered suitable, to get their opinions on the patentability of the invention. It may also, as it deems fit, request reports from other intellectual property offices.

If the examination of the patentability of the invention requires it, the applicant shall, at the request of the competent national office and within a period of no more than three months, submit one or several of the following documents connected with one or more foreign applications referring to all or part of the invention being examined:

- a) a copy of the foreign application;
- b) copies of the findings of the examinations of the novelty or patentability of the invention conducted with respect to the foreign application in question;
- c) a copy of any patent or other patent protection that may have been granted on the basis of this foreign application;
- d) a copy of any order or decision that may have been handed down rejecting or denying the foreign application; or,
- e) a copy of any order or decision that may have been handed down annulling or invalidating the patent or other patent protection that was granted on the basis of the foreign application.

The competent national office may accept the results of the examinations referred to under letter b) as sufficient to certify that the conditions for the invention's patentability have been fulfilled.

If the applicant fails to submit the documents that have been requested within the period stipulated in this article, the competent national office shall deny the patent.

Article 47.- The competent national office may, at the request of the applicant, suspend the processing of the patent application if any one of the documents that are to be submitted pursuant to article 46 b) and c) has not yet been obtained by the applicant or is presently being processed by a foreign authority.

Article 48.- If the findings of the final examination are favorable, the patent shall be granted. If they are partially unfavorable, the patent shall be granted only in respect of those claims that have been accepted. If they are entirely unfavorable, the patent shall be denied.

Article 49.- For organizing and classifying their patents, the Member Countries shall use the International Patent Classification established by the 1971 Strasbourg Agreement Concerning the International Patent Classification, together with its effective amendments.

CHAPTER V

On the Rights conferred by Patents

Article 50.- Patents shall have a term of twenty years counted from the filing date of the corresponding application in the Member Country.

Article 51.- The scope of the protection conferred by a patent shall be determined by the wording of the claims. The description and drawings, or the deposit of biological material where applicable, shall be used for the interpretation of the claims.

Article 52.- A patent shall confer on its owner the right to prevent third parties not having the owner's consent from the acts of:

a) where the subject matter of a patent is a product:

i) making the product;

ii) offering for sale, selling, or using the product; or importing it for these purposes; and,

b) where the subject matter of a patent is a process:

i) using the process; or,

ii) carrying out any of the acts that are specified under paragraph a) above with respect to a product obtained directly by that process.

Article 53.- A patent owner may not exercise the right referred to in the previous article with respect to the following acts:

a) acts carried out in a private circle and for non-commercial purposes;

b) acts carried out exclusively to experiment with the subject matter of the patented invention;

c) acts carried out exclusively for the purposes of teaching or scientific or academic research;

d) the acts referred to in article 5bis of the Paris Convention for the Protection of Industrial Property;

e) where the patent protects biological material that is capable of being reproduced, except for plants, using that material as a basis for obtaining a viable new material, except where the patented material must be used repeatedly to obtain the new material.

Article 54.- A patent shall not confer on its owner the right to proceed against a third party making commercial use of a product protected by a patent once that product has been introduced into the commerce of any country by the owner or another person authorized by the right holder or with economic ties to that patent owner.

For the purposes of the preceding paragraph, two persons shall be considered to have economic ties when one of the persons is able to exercise a decisive influence on the other, either directly or indirectly, with respect to the exploitation of the patent or when a third party is able to exert that influence over both persons.

Where the patent protects biological material that is capable of being reproduced, the patent coverage shall not extend to the biological material that is obtained by means of the reproduction, multiplication, or propagation of the material that was introduced into the commerce as described in the first paragraph, provided that it was necessary to reproduce, multiply, or propagate the material in order to fulfill the purposes for which it was introduced into commerce and that the material so obtained is not used for multiplication or propagation purposes.

Article 55.- Without prejudice to the provisions stipulated in this Decision with respect to patent nullity, the rights conferred by a patent may not be asserted against a third party that, in good faith and before the priority date or the filing date of the application on which the patent was granted, was already using or exploiting the invention, or had already made effective and serious preparations for such use or exploitation.

In such case, the said third party shall have the right to start or continue using or exploiting the invention, but that right may only be assigned or transferred together with the business or company in which that use or exploitation is taking place.

Article 56.- A patent grant or a patent application being processed may be assigned or transferred by succession.

Any patent assignment or transfer shall be registered with the competent national office. Failure to register shall render the assignment or transfer invalid with respect to third parties.

Patent assignments or transfers, in order to be registered, shall be in writing.

Any interested party may file for registration of a patent assignment or transfer.

Article 57.- The owner of a patent or of a patent application that is being processed may license one or more third parties to exploit the invention it covers.

Any license that is granted for the exploitation of a patent shall be registered with the competent national office. Failure to register shall render the license invalid with respect to third parties.

Licenses, in order to be registered, shall be in writing.

Any interested party may file for registration of a license.

The registered patent owner shall inform the competent national office about any change in the name or address of the right holder during the term of the license contract. Otherwise, any notification that may be made on the basis of the data entered in the registry shall be considered valid.

Article 58.- The competent national authority shall not register any license agreements for patent exploitation that do not conform to the provisions of the Common Regime for the Treatment of Foreign Capital and for Trademarks, Patents, Licenses, and Royalties, or that do not conform to Andean Community or domestic antitrust provisions.

CHAPTER VI

On the Obligations of the Patent Owner

Article 59.- Owners of patents shall be under the obligation to exploit their patented inventions in any Member Country, either directly or through a person they authorize to do so.

Article 60.- For the purposes of this Chapter, exploitation shall be understood to mean the industrial manufacture of the patented product or the full use of the patented process, including the distribution and marketing of the results thereof on a scale sufficient to satisfy the demands of the market. Exploitation shall also be understood to mean the importation of the patented product, including its distribution and marketing, where this is done on a scale sufficient to satisfy the demands of the market. Where the patent refers to a process that does not result in a product, the requirements for marketing and distribution shall not be enforced.

CHAPTER VII

On the Regime of Compulsory Licensing

Article 61.- At the expiry of a period of three years following a patent grant or of four years following the application for a patent, whichever is longer, the competent national office may grant a compulsory license mainly for the industrial manufacture of the product covered by the patent, or for full use of the patented process, at the request of any interested party, but only if, at the time of the request, the patent had not been exploited in the manner specified in articles 59

and 60, in the Member Country in which the license is sought, or if the exploitation of the invention had been suspended for more than one year.

Compulsory licenses shall not be granted if patent owners are able to give valid reasons for their failure to act, which may be reasons of force majeure or an act of God, in accordance with the domestic provisions in effect in each Member Country.

A compulsory license shall be granted only if, prior to applying for it, the proposed user has made efforts to obtain a contractual license from the patent holder on reasonable commercial terms and conditions and that such efforts were not successful within a reasonable period of time.

Article 62.- Decisions to grant a compulsory license, as stipulated in the previous article, shall be taken after the patent owners have been notified to present their arguments as they see fit within the following sixty days.

The competent national office shall specify the scope or coverage of the license, and in particular shall specify the period for which it is granted, the subject matter of the license, the amount of the remuneration, and the conditions for the payment thereof. The remuneration shall be set at an adequate level in accordance with the individual circumstances of each case and, in particular, the economic value of the authorization.

Opposition to a compulsory license shall not prevent its exploitation or have any effect on any periods that may be running. The filing of an objection shall not prevent the patent owner, in the meantime, from collecting the remuneration specified by the competent national office on the part unaffected by the objection.

Article 63.- At the request of the owner of the patent or the licensee, the conditions governing the compulsory license may be changed by the competent national office where new circumstances so dictate and, in particular, when the patent holder grants another license on terms that are more favorable than the existing ones.

Article 64.- The licensee shall exploit the licensed invention within a period of two years following the date the license was granted, unless that licensee is able to give valid reasons for inaction consisting of force majeure or an act of God. Otherwise, at the patent owner's request, the competent national office shall revoke the compulsory license.

Article 65.- Following the declaration by a Member Country of the existence of public interest, an emergency, or national security considerations, and only for so long as those considerations exist, the patent may be subject to compulsory licensing at any time. In that case, the competent national office shall grant the licenses that are applied for. The owner of the patent so licensed shall be notified as soon as is reasonably possible.

The competent national office shall specify the scope or extent of the compulsory license and, in particular, the term for which it is granted, the subject matter of the license, and the amount of remuneration and the conditions for its payment.

The grant of a compulsory license for reasons of public interest shall not reduce the right of the patent owner to continue exploiting it.

Article 66.- The competent national office may, either ex officio or at the request of a party, and after having obtained the consent of the national antitrust authority, grant compulsory licenses where practices are noted that are detrimental to the exercise of free competition, especially where they constitute an abuse by the patent owner of a dominant position in the market.

The need to correct anti-competitive practices shall be taken into account in determining the amount of remuneration to be paid in such cases.

The competent national office shall refuse termination of a compulsory license if and when the conditions which led to the granting of the license are likely to recur.

Article 67.- The competent national office shall grant a license, upon request by the owner of a patent whose exploitation necessarily requires the use of another patent, and that right holder has been unable to secure a contractual license to the other patent on reasonable commercial terms. That license shall, without prejudice to the provisions of article 68, be subject to the following conditions:

- a) the invention claimed in the second patent shall involve an important technical advance of considerable economic significance in relation to the invention claimed in the first patent;
- b) the owner of the first patent shall be entitled to a cross-license on reasonable terms to use the invention claimed in the second patent; and,
- c) the license authorized in respect of the first patent shall be non-assignable except with the assignment of the second patent.

Article 68.- In addition to the conditions provided for in the preceding articles, compulsory licenses shall be subject to the following:

- a) they shall be non-exclusive and may not be sublicensed;
- b) they shall be non-assignable, except with the part of the business or goodwill which permits its industrial use. This shall be evidenced in writing and registered with the competent national office. Otherwise, those assignments or transfers shall not be legally binding;

c) they shall be liable, subject to adequate protection of the legitimate interests of the persons so authorized, to be terminated if and when the circumstances which led to them cease to exist and are unlikely to recur;

d) their scope and duration shall be limited to the purposes for which they were authorized;

e) in the case of patents protecting semi-conductor technology, a compulsory license shall be authorized only for public non-commercial use or to remedy a practice declared by the competent national authority to be anti-competitive in accordance with articles 65 and 66;

f) they provide for payment of adequate remuneration according to the circumstances of each case, taking into account the economic value of the license, without prejudice to the stipulations of article 66; and,

g) they shall be used predominantly for the supply of the domestic market.

Article 69.- Compulsory licenses that fail to comply with the provisions of this Chapter shall be devoid of any legal effect whatsoever.

CHAPTER VIII

On Acts Subsequent to the Grant

Article 70.- A patent owner may request the competent national office to modify the patent in order to enter any change in the name, address, residence or other information about the rights holder or the inventor or to amend or limit the scope of one or more of the claims. The owner of the patent may, likewise, request that any material error in the patent be rectified.

The provisions in respect of the modification or correction of an application shall be applicable as pertinent.

Article 71.- The owner of a patent may, through a declaration addressed to the competent national office, withdraw one or more patent claims or a claim to the patent as a whole. That withdrawal shall become effective as of the date the respective declaration is received.

Article 72.- The owner of a patent may divide it into two or more fractional patents. The provisions regarding the division of an application shall be applicable to that of patents, in all pertinent matters.

Article 73.- A patent owner may also combine two or more patents. The provisions regarding the combination of applications shall be applicable to these patents, in all pertinent matters.

Article 74.- The competent national office may establish the fees on acts carried out after the patent grant.

CHAPTER IX

On the Invalidation of the Patent

Article 75.- The competent national authority may, either ex officio or at the request of a party, and at any time, declare a patent null and void, where:

- a) the subject matter of the patent is not an invention according to the requirements stipulated in article 15;
- b) the invention fails to comply with the requirements for patentability set out in article 14;
- c) the patent was granted for an invention covered by article 20;
- d) the patent fails to disclose the invention, as required by article 28 and, if pertinent, article 29;
- e) the claims included in the patent are not fully substantiated by the description provided;
- f) use of the patent granted has been broader than was indicated in the original application and requires having to extend its scope of protection;
- g) when pertinent, the products or processes in respect of which the patent is being filed have been obtained and developed on the basis of genetic resources or their byproducts originating in one of the Member Countries, if the applicant failed to submit a copy of the contract for access to that genetic material;
- h) when pertinent, the products or processes whose protection is being requested have been obtained or developed on the basis of traditional knowledge belonging to indigenous, African American, or local communities in the Member Countries, if the applicant has failed to submit a copy of the document certifying the existence of a license or authorization for use of that knowledge originating in any one of the Member Countries; or,
- i) there are grounds for absolute invalidation according to domestic legislation covering administrative acts.

Where the grounds specified above are applicable only to some of the claims or some parts of a claim, invalidation shall be pronounced only in respect of those claims or those parts of the said claim, as the case may be.

The patent, claim, or part of a claim that has been invalidated shall be deemed null and void as from the filing date of the patent application.

Article 76.- Where defects in administrative acts fail to produce absolute invalidation as specified in the preceding article, those acts shall be relatively invalidated. In such cases, the competent national authority shall, in conformity with domestic legislation, declare them null and void within a period of five years counted from the patent grant date.

Article 77.- The competent national authority may, where a patent has been granted to a person who has no right to it, annul that patent. Invalidation proceedings may be initiated only by the person who has a right to obtain that patent. That right of action shall lapse five years after the patent grant date or two years following the date on which the person to whom that right belongs learned about the use of the invention, whichever period expires first.

Article 78.- In invalidation proceedings, the competent national authority shall request the patent owners to present arguments and submit the proof they deem advisable.

Where that authority under the domestic law of a Member Country is the competent national office, the patent owner shall present the arguments and submit the proof referred to in the previous article within a period of two months after being notified thereof.

Before the expiry of the period stipulated in the previous article, the interested party may request an extension of two additional months.

Once the periods stipulated in this article have expired, the competent national office shall rule on the patent's invalidation and inform the parties of its decision.

Article 79.- The competent national authority may, where necessary to rule on the invalidation of a patent, request the patent owner to submit one or more of the documents referred to in article 46 with regard to the patent that is the subject matter of the proceeding.

CHAPTER X

On the Lapsing of the Patent

Article 80.- Annual fees prescribed by the competent national offices shall be paid in advance in order to keep a patent in force or to maintain a pending patent application, as the case may be.

The deadline for payment of each annual fee shall be the last day of the month of presentation of the invoice. Two or more annual fees may be paid in advance.

Annual fees shall be paid within a grace period of six months after the starting date of the corresponding annual period, together with the prescribed surcharge. The patent or pending application shall remain in full force during the grace period.

Failure to pay an annual fee as stipulated in this article shall result in the legal lapsing of the patent or the patent application.

TITLE III ON UTILITY MODELS

Article 81.- Any new shape, configuration, or arrangement of components of any device, tool, implement, mechanism or other object, or any part thereof, that permits improved or different operation, use, or manufacture of the object incorporating it, or that endows it with any utility, advantage, or technical effect that it did not have previously shall be considered a utility model.

Utility models shall be protected by patents.

Article 82.- The following shall not be considered utility models: sculptures, architectural works, or objects that are purely aesthetic in nature.

Processes and materials excluded from patent protection may not be the subject matter of utility model patents.

Article 83.- An applicant for a utility model patent may request its conversion into an invention patent or registration of an industrial model, provided that the subject matter of the original application so permits. In the latter case, it shall be necessary to fulfill the requirements stipulated in article 35.

Article 84.- The duration of the utility model shall be ten years, as of the application filing date in the Member Country concerned.

Article 85.- The provisions of this Decision in respect of invention patents shall be applicable to utility model patents, as pertinent. The only exceptions are the processing periods, which shall be reduced to one-half their length. Without prejudice to the foregoing, the period stipulated in article 40 shall be shortened to twelve months.

TITLE IV ON THE LAYOUT-DESIGNS (TOPOGRAPHIES) OF INTEGRATED CIRCUITS

CHAPTER I Definitions

Article 86.- The following definitions shall apply for purposes of this Title:

a) integrated circuit: a product, in final or intermediate form, of which at least one element is an active element and some or all of whose interconnections are an integral part of the body or surface of a piece of material that is intended to be used electronically;

b) layout-design: the three-dimensional arrangement of the elements, regardless of form, of which at least one is an active element, and their interconnection into an integrated circuit, as well as that three-dimensional arrangement prepared for use in an integrated circuit to be manufactured.

CHAPTER II

On the Requirements for Protection of Layout-Designs of Integrated Circuits

Article 87.- A layout-design shall be protected if it is an original design.

A lay-out design shall be considered original when it is the result of its creator's intellectual efforts and is not in common use in the integrated circuit industry.

Where composed of two or more elements in common use in the integrated circuit industry, a layout-design shall be considered original only if the combination of those elements, as an assembly, meets this requirement.

CHAPTER III

On the Right Holders

Article 88.- The right to register a layout-design of an integrated circuit belongs to its designer. That right may be assigned or transferred by succession.

If two or more persons jointly prepare a layout-design, those persons shall share the right to protect it.

The right to protection of a layout-design created under a project or service contract entered into for this purpose or within the framework of an employment relationship in which the designer has such function, shall correspond to the person who contracted for the project or service, or the employer, unless otherwise stipulated under a contract.

CHAPTER IV

On the Application for Registration

Article 89.- The application to register a layout-design of an integrated circuit shall be filed with the competent national office and shall contain the following information:

a) the petition;

b) a copy or drawing of the layout-design and, if commercially exploited, a sample of that integrated circuit;

c) if pertinent, a statement of the date of first commercial exploitation of the integrated circuit anywhere in the world;

d) if pertinent, the statement of the year the integration circuit was created;

e) a description of the electronic operation to be performed by the integrated circuit in the layout-design;

f) copies of any applications for registration or other protection filed for or obtained abroad by the applicants or their assignees, referring to all or part of the layout-design for which a registration application is being filed in the Member Country;

g) such powers of attorney as may be needed; and,

h) a proof of payment of the prescribed fee.

Article 90.- The petition to register an application for a layout-design of an integrated circuit shall be a form and shall include the following information:

a) the request for the registration;

b) the name and address of the applicant;

c) the nationality or address of the applicant and, if the applicant is a juridical person, the site of incorporation;

d) the name and address of the creator of the layout-design, if a person other than the applicant;

e) the name and address of the applicant's legal representative, if pertinent;

f) the date, number, and office where any other application for registration or other protection was filed or obtained abroad by the applicant or assignee in respect of all or part of the same layout design being applied for in the Member Country, if pertinent; and,

g) the signature of the applicant or the applicant's legal representative.

Article 91.- Where the layout-design for which a registration application has been filed includes an industrial secret, the applicant shall file, in addition to the graphic representation required, a representation of the layout omitting, erasing, or distorting the parts containing that secret. It is necessary for the remaining parts to be sufficient to allow for identification of the layout-design.

Article 92.- The date of reception of an application by the competent national office shall be considered its filing date, provided that the application contained at least the following elements:

- a) an express or implicit statement that the application is being filed for the registration of a layout-design;
- b) data that shall permit identification of the applicant or person filing the application or enable the competent national office to communicate with that person;
- c) a graphic representation of the layout-design for which registration is being applied for; and
- d) the proof of payment of the prescribed fees.

Failure to comply with any one of the requirements specified in this article shall result in refusal by the competent national to process the application and no filing date shall be assigned to it.

CHAPTER V

On the Processing of the Application

Article 93.- The competent national office shall examine whether the subject matter of the application constitutes a layout-design as defined in article 86 and whether the application contains the information requested in articles 89, 90, and 91. The competent national office shall not examine the originality of the layout-design ex officio, unless reasoned opposition to the application has been presented.

Should any omission or defect be noted, the applicant shall be admonished to make the necessary correction within a period of three months, and that failure to do so shall be considered abandonment and shall be placed in the archives ex officio. If the applicant does not make the correction within the allotted period, the competent national office shall make that warning effective through a reasoned decision.

Article 94.- Having examined the application, the competent national office shall order its announcement through the publication in the official government gazette of a notice to be paid by the interested party.

The pertinent provisions in respect of applications for investment patents shall be applicable to the publication of the notice.

Article 95.- Any interested person may lodge a substantiated objection with the competent national office, including information and documents that would be useful for ascertaining the registerability of a layout-design.

Pertinent provisions in respect of applications for invention patents shall be applicable to the objections.

Article 96.- If the stipulated requirements are fulfilled, the competent national office shall register the layout design and issue a registration certificate containing the data included in the corresponding registry.

CHAPTER VI

On the Rights conferred by Registration

Article 97.- If the layout-design has been exploited commercially anywhere in the world, the application for registration shall be filed with the competent national office of the Member Country concerned within a period of two years from its first commercial exploitation. If the application is filed after the expiration of that period, the registration shall be denied.

A layout-design not having been commercially exploited anywhere in the world may be registered only if applied for to a competent national office of a Member Country no later than 15 years after the last day of the year the layout was created. If the application is filed after that period has expired, its registration shall be denied.

Article 98.- Exclusive rights over a registered layout-design shall have a duration of ten years from the oldest of the following dates:

- a) the last day of the year the layout-design was first commercially exploited anywhere in the world, or
- b) the filing date of an application for registration with the competent national office of the Member Country concerned.

The term of protection of a registered layout-design shall lapse in any case at the conclusion of a period of 15 years counted from the last day of the year in which the layout-design was created.

Article 99.- The protection shall be applied irrespective of whether the integrated circuit in which the protected layout-design has been incorporated has been manufactured and irrespective of whether the layout-design has been incorporated into an integrated circuit.

Registration of a layout-design of an integrated circuit confers on its holder the right to impede third persons from performing any of the following acts:

- a) reproducing, through incorporation into an integrated circuit or in any other way, all or part of the protected layout-design that complies with the requirements for originality stipulated in article 87;

b) marketing, importing, offering for sale, selling, or otherwise distributing a protected layout-design or an integrated circuit in which a protected layout-design is incorporated; or

c) marketing, importing, offering for sale, selling, or otherwise distributing an article incorporating such a protected integrated circuit, only insofar as it continues to contain an unlawfully reproduced layout-design.

Protection conferred by registration shall cover only the layout-design itself, and shall not extend to any idea, process, system, technique, or data encoded or incorporated into the layout-design.

Article 100.- The right conferred by registration of the layout-design only may be asserted against acts having industrial or commercial purposes. Registration shall not confer the right to impede the following acts:

a) acts carried out in a private circle and for non-commercial purposes;

b) acts carried out exclusively for purposes of evaluation, analysis, or experimentation;

c) acts carried out exclusively for purposes of teaching or scientific or academic research;

d) acts referred to in article 5 of the Paris Convention for the Protection of Industrial Property.

Article 101.- Registration of a layout-design shall not give the holder the right to prevent third parties from engaging in acts of commerce in respect of registered layout-designs, integrated circuits in which a protected layout-design is incorporated, or articles containing those integrated circuits after the introduction of the layout-design into the commerce of any country by the right holder or by any other person with the consent of or having economic ties to that right holder.

For purposes of the preceding paragraph, two persons shall be considered to have economic ties when one of the persons is able to exercise a decisive influence over the other, either directly or indirectly, with respect to exploitation of the layout-design, or when a third party is able to exert that influence over both persons.

Article 102.- The right holder to a registered layout-design may not prevent a third party from engaging in acts of industrial or commercial exploitation in respect of a layout-design created by another person through the evaluation or analysis of the protected layout-design, where the layout-design thereby created fulfills the requirements for originality stipulated in Article 87. Nor may that right holder prevent those acts in respect of integrated circuits in which the layout-designs so created are incorporated or of articles incorporating those integrated circuits.

Article 103.- The right holder of a registered layout-design may not prevent a third party from carrying out the acts cited in article 99 with respect to another layout-design originally created by a third party, even if identical.

Article 104.- Performance of any of the acts referred to in article 99 in respect of an integrated circuit incorporating an unlawfully reproduced layout-design or any article incorporating such an integrated circuit shall not be considered an infringement of rights to a registered design, where the person performing or ordering such acts did not know and had no reasonable ground to know, when acquiring the integrated circuit or article incorporating such an integrated circuit, that it incorporated an unlawfully reproduced layout-design. After the time that such person has received sufficient notice that the layout-design was unlawfully produced, that person may continue to perform any of the acts with respect to the stock on hand or ordered before such time, but shall be liable to pay the right holder a sum equivalent to a reasonable royalty such as would be payable under a freely negotiated license in respect of such layout-design.

Article 105.- A layout-design registration that has been granted or is being processed may be assigned or transferred by succession.

Any assignment or transfer of a layout-design registration shall be filed with the competent national office. Failure to register that assignment or transfer shall render it legally invalid in respect of third parties.

Assignments or transfers, in order to be registered, shall be in writing.

Any interested person may apply for registration of an assignment or transfer.

CHAPTER VII

On the Licensing System

Article 106.- The right holder for a layout-design that is registered or for which registration has been filed may license one or more parties to exploit that layout-design.

Any license to use the layout-design shall be registered with the competent national office. Failure to register the license shall render it invalid with respect to third parties.

Licenses, in order to be registered, shall be in writing.

Any interested party may file for registration of a license.

The registered right holder shall inform the competent national office of any change in the name or address of the registered layout-design right holder during the term

of the licensing contract. Otherwise, any notification that may be made on the basis of the data entered in the registry shall be considered valid.

Article 107.- The competent national authority may, given a lack of exploitation or for reasons of public interest, in particular a national emergency, or for public health or natural security considerations, or to remedy an anti-competitive practice, and at the request of an interested party or of a competent authority, order the following at any time:

a) that layout-designs that are registered or for which registration has been filed shall be used or exploited industrially or commercially by a government institution or by one or more public or private legal entities that have been expressly appointed to do so; or

b) that the said layout-design shall be subject to the granting of one or more compulsory licenses, in which case the competent authority may grant such a license to any person who applies for it, subject to the conditions that have been stipulated for that purpose.

The conditions that have been stipulated for granting compulsory licenses with respect to invention patents shall be applicable to the granting of a compulsory licenses in regard to a layout-design.

CHAPTER VIII

On the Invalidation of the Registration

Article 108.- The competent national authority may, either ex officio or at the request of a party and at any time, declare the registration of a layout-design null and void, where:

a) the subject matter of the registration is not a layout-design according to the requirements stipulated in article 86;

b) the registration fails to comply with the requirements for protection set forth in article 87;

c) the registration was granted for a layout design applied for after the expiration of one of the periods established in article 97; or,

d) there are grounds for declaring the registration to be null and void according to domestic legislation covering administrative acts.

Where the grounds specified above are applicable to only a part of the layout-design, invalidation shall be pronounced only in respect of that part, as pertinent, leaving the registration valid for the other parts, provided that as a whole the layout-design complies with the requirements for originality stipulated in article 87.

The layout-design or the part of it that has been invalidated shall be deemed null and void as of the filing date of the application for its registration.

Article 109.- Where defects in administrative acts fail to produce absolute invalidation as specified in the preceding article, those acts shall be invalidated relatively. In such cases, the competent national authority may, in conformity with domestic legislation, declare them null and void within a period of five years counted from the date of registration.

Article 110.- The competent national authority may, where a layout- design registration has been granted to a person that has no right to it, annul that registration. The invalidation proceeding may be brought only by the person with a right to registration of that layout-design. That right of action shall lapse five years from the date the registration was granted or two years following the date on which the person to whom that right belongs learned about the marketing in the Member Country of the product incorporating that layout-design, whichever period expires first.

Article 111.- In invalidation proceedings, the competent national authority shall request registered right holders to present their arguments and submit the proof they deem advisable.

Where that authority, under the domestic law of a Member Country, is the competent national office, the registered right holder shall present the arguments and submit the proof referred to in the previous article within a period of two months following notification.

Before the expiration of the period stipulated in the previous article, the interested party may request an extension of two additional months.

Once the periods stipulated in this article have expired, the competent national office shall rule on the invalidation of the registration and notify the parties of its decision.

Article 112.- The competent national authority may, where necessary to rule on the invalidation of a registration, request the right holder to submit one or more of the documents referred to in article 89 with regard to the registration that is the subject matter of the proceeding.

TITLE V

ON INDUSTRIAL DESIGNS

CHAPTER I

On Requirements for Protection

Article 113.- The particular appearance of a product that results from any arrangement of lines or combination of colors, or any two-dimensional or three-

dimensional outward shape, line, outline, form, texture, or material, without the intended use or purpose of the said product being thereby changed, shall be considered an industrial design.

Article 114.- The right to register an industrial design belongs to the designer and may be assigned or transferred by succession.

Registration right holders may be natural persons or legal entities.

If several persons make an industrial design jointly, they shall share the right to its registration.

If several persons make the same industrial design, each independently of the others, registration shall be granted to the person or assignee with the first filing date or, where priority is claimed, date of application.

Article 115.- Industrial designs that are new shall be registrable.

An industrial design shall not be considered new if, before the filing date or validly claimed priority date, it has been made accessible to the public in any place or at any time, by description, use, or any other means.

An industrial design shall not be new by virtue of the mere fact that it embodies secondary differences in relation to earlier creations, or that it refers to a category of products different from that to which the said creations belong.

Article 116.- The following creations shall not be registrable:

a) industrial designs when, the prevention of the commercial exploitation of which within the territory of the Member Country where registration is being applied for, is necessary to protect morality or public order. To those ends, commercial exploitation of an industrial design shall not be considered contrary to morals and public order merely by reason that the exploitation is prohibited or regulated by a legal or administrative provision;

b) industrial designs the appearance of which was dictated essentially by technical or functional considerations and that fail to incorporate any arbitrary contribution by the designer; and,

c) industrial designs that consist only of a form the exact reproduction of which proved necessary in order to permit the mechanical assembly or connection of the product incorporating the design with another product of which it is a part. This prohibition shall not be applicable to products in which the design consists of another way to permit the assembly or the multiple connection of the product or of its connection within a modular system.

CHAPTER II

On the Registration Procedure

Article 117.- An application to register an industrial design shall be filed with the competent national office and shall contain the following: a) the petition;

b) a graphic or photographic representation of the industrial design. This representation, in the case of two-dimensional designs incorporated onto a flat material, may be replaced by a sample of the product incorporating the design;

c) such powers of attorney as may be needed;

d) proof of payment of the prescribed fees;

e) a copy of the document recording the ceding or transfer to the applicant of the right to register the industrial design, if applicable; and,

f) copies of any applications for registration or other protection of an industrial design filed abroad by the applicant or assignee in respect of the same design for which a registration application or claim is being filed in the respective Member Country.

Article 118.- The petition for the industrial design registration application shall be a form and shall include the following information:

a) the request for registration of the industrial design;

b) the name and address of the applicant;

c) the nationality address of the applicant and, if the applicant is a legal entity, the site of incorporation;

d) an indication of the kind or type of product to which the design shall be applied and the category and sub-category of such products;

e) the name and address of the designer, if other than the applicant;

f) the date, number, and identification of the office where any applications for registration or other protection of an industrial design were filed or obtained abroad by the applicant or assignee in respect of the same design claimed in the application being filed in the respective Member Country, if applicable;

g) the name and address of the applicant's legal representative, if pertinent; and,

h) the signature of the applicant or the applicant's legal representative.

Article 119.- The date of its receipt by the competent national office shall be considered the application filing date, provided that the application contained at least the following elements:

- a) a statement that the applicant is filing for the registration of an industrial design;
- b) data identifying the applicant or person filing the application that will enable the competent national office to communicate with that person;
- c) a graphic or photographic representation of the industrial design. This representation, in the case of two-dimensional designs incorporated onto a flat material, may be replaced by a sample of the product incorporating the design; and,
- d) a proof of payment of the prescribed fees.

Failure to comply with any of the requirements specified in this article shall cause the competent national office to reject the application for processing and no filing date shall be assigned to it.

Article 120.- The competent national office shall examine the application within 15 days following the filing to ascertain whether it meets the terms and conditions conditions of form specified in articles 117 and 118.

If the examination of terms and conditions reveals that the application does not fulfill the requirements referred to in the preceding paragraph, the competent national office shall notify the applicant to complete those requirements within a period of thirty days following the date of notification. The said period may be extended once, upon request, for an equal length of time without loss of priority.

If, on expiration of the specified period, the applicant has failed to comply with the required conditions, the application shall be considered abandoned and shall lose its order of priority. Without prejudice to this, the competent national office shall maintain the information contained in the application confidential.

Article 121.- If the application fulfills the stipulated requirements, the competent national office shall order its publication.

Article 122.- Within a period of thirty days following the date of publication, any person with a legitimate interest may, one time only, present valid reasons for contesting the registration of industrial design.

The competent national office shall grant such persons once, upon request, an additional period of thirty days in which to present valid reasons for their opposition.

Reckless objections may be sanctioned if so stipulated by domestic legislation.

Article 123.- If any objections have been lodged, the competent national office shall request that the applicants present their arguments or submit documents, as they see fit within thirty days following that notification.

The competent national office shall, upon request, grant an additional period of thirty days in which to make a defense against the objections that have been raised.

Article 124.- Upon expiration of the period stipulated in the preceding article or should no objections have been raised, the competent national office shall conduct an examination to ascertain whether the subject matter of the application complies with the requirements established in articles 113 and 116.

The competent national office shall not make an examination ex officio of the novelty of the subject matter of the application if no valid reasons are presented based upon the existence of a prior right or the novelty of the industrial design.

Without prejudice to the foregoing, if the lack of novelty of an industrial design is glaringly obvious, the competent national office shall reject the application ex officio.

Article 125.- An application for registration of an industrial design may not be consulted by third parties until publication has been ordered at the conclusion of the stipulated period, except where written consent has been obtained from the applicant.

Any parties who prove that the application for registration of an industrial design is attempting to use against them of rights conferred on the applicant for registration of an industrial design by the said application may consult the file before its publication without the consent of the applicant.

Article 126.- The competent national office shall grant the registration of the industrial design and issue the corresponding certificate to the rights holder upon fulfillment of the stipulated requirements. Failure to comply with those requirements shall cause the competent national office to reject the application.

Article 127.- Member Countries shall use the International Classification for Industrial Designs established by the Locarno Agreement of October 8, 1968 and its effective amendments to organize and classify industrial designs.

CHAPTER III

On the Rights conferred by Registration

Article 128.- Registration of an industrial design shall be for a term of ten years, counted from the filing of the application in the Member Country.

Article 129.- Registration of an industrial design shall confer on the owner thereof the right to prevent third parties from making use of the design concerned. By virtue of that prohibition, the owner of the registration shall be entitled to proceed against any third party who, without the consent of the right holder, manufactures, imports, offers for sale, markets, or makes commercial use of products that incorporate or reproduce the industrial design.

Registration shall likewise confer the right to proceed against any person who produces or markets an article whose design only presents minor differences with respect to the protected design or where appearance is the same as the latter protected design.

Article 130.- The protection accorded to an industrial design shall not apply to elements or characteristics of the design dictated essentially by technical or functional considerations or that fail to incorporate any arbitrary contribution by the designer.

The protection accorded to an industrial design shall not apply to the exact reproduction of such elements or characteristics as may be needed to allow the product incorporating the design to be mechanically assembled or joined to another product of which it is a part. This restriction shall not apply where the design assumes a particular form to allow for the assembly or multiple connections of the products or the connection of those products within a modular system.

Article 131.- Registration of an industrial design shall not confer the right to proceed against a third party who makes commercial use of a product incorporating or reproducing the design once it has been introduced into the commerce of any country by the right holders or another person authorized by them or with economic ties to those right holders.

For purposes of the preceding paragraph, two persons shall be considered to have economic ties when one of the persons is able to exercise a decisive influence over the other, either directly or indirectly, with respect to the exploitation of the industrial design, or when a third party is able to exert that influence over both persons.

Article 132.- The competent national authority may, either ex officio or at the request of a party and at any time, declare the registration of an industrial design null and void, when:

- a) the subject matter of the registration is not an industrial design according to the requirements established in article 113;
- b) the industrial design fails to comply with the requirements for protection set forth in article 115;

c) the registration was granted for subject matter that is excluded from protection by the stipulations of article 116; or,

d) there are grounds for declaring the registration null and void according to domestic legislation covering administrative acts.

Article 133.- The provisions stipulated in articles 17, 34, 53 paragraphs a), b), c) and d), 56, 57, 70, 74, 76, 77, 78, and 79 shall be applied in respect of industrial designs.

TITLE IV ON TRADEMARKS

CHAPTER I On Registration Requirements

Article 134.- For purposes of this system, any sign that is capable of distinguishing goods and services on the market shall constitute a trademark. Signs that are capable of graphic representation shall be eligible for registration as trademarks. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to the registration of the trademark.

The following signs, among others, shall be capable of constituting a trademark:

- a) words or a combination of words;
- b) pictures, figures, symbols, graphic elements, logotypes, monograms, portraits, labels, and emblems;
- c) sounds and smells;
- d) letters and numbers;
- e) a color demarcated to give it a specific shape, or a combination of colors;
- f) the shape of a product its packaging or wrappings;
- g) any combination of the signs or means indicated in the items above.

Article 135.- Signs may not be registered as trademarks when they:

- a) fail to constitute a trademark according to the requirements stated in the first paragraph of the previous article;
- b) are lacking in distinguishable characteristics;

c) consist solely of the everyday shape of goods or their packaging, or of shapes or characteristics dictated by the nature or particular function of the product or service in question;

d) consist exclusively of shapes or other elements that attribute a functional or technical advantage to the product or service to which they are applied;

e) consist solely of a sign or statement that may serve in commerce to designate or describe, in respect of the goods or services for which they are to be used, their quality, quantity, purpose, value, geographical origin, or time of production, or that impart other details, characteristics, or information, including expressions of praise for those goods or services;

f) consist exclusively of a sign or statement that is the common or technical name of the product or service concerned;

g) consist solely of or have become a sign or statement which, in everyday language or normal use within the country, is the common or usual designation for the goods or services in question;

h) consist of a color in isolation, without any demarcation to give it a specific shape;

i) are liable to create confusion in business circles or the public, in particular as to the geographical origin, nature, manufacturing methods, characteristics, or qualities of the goods or services concerned, or their suitability for use;

j) reproduce, imitate, or contain a protected indication of origin that is liable to create confusion or a mistaken association with the indication in relation to the goods themselves or different goods, or that involve taking unfair advantage of the well-known character of that appellation among the public;

k) contain a protected appellation of origin for wines and spirits;

l) consist of a national or foreign geographical reference that is liable to create confusion in respect of its application to products or services;

m) reproduce or imitate, as trademarks or elements of those trademarks, without the permission of the competent authority of the State or international organization concerned, heraldic elements, such as coats of arms, flags, and emblems, and the official signs and stamps used for the purposes of government control and guarantee and the coat of arms, flags and other emblems, initials or designations of any international organization;

n) reproduce or imitate signs denoting conformity with technical standards, except where the registration thereof is applied for by the national body responsible for standards and quality requirements in Member Countries;

o) reproduce, imitate, or include the indication of a plant species protected in a Member Country or any other country, where application of the sign to goods or services relating to that species of if its use is likely to cause confusion or a mistaken association with that variety; or

p) are contrary to law, morality, public order or good manners.

Notwithstanding the provisions stipulated under items b), e), f), g) y h), a sign may be registered as a trademark where its continued use in a Member Country by the applicant or assignor has endowed it with a distinctiveness in respect of the products or services to which it is applied.

Article 136.- Those signs the use of which in commerce may constitute an impediment to the rights of third parties, may likewise not be registered as trademarks, in particular where:

a) they are identical, or similar to a trademark filed for registration or registered earlier by a third party for the same goods or services, or for goods or services in respect of which use of the trademark is likely to lead to confusion or mistaken association;

b) they are identical or similar to a protected trade name, label, or emblem that, given the circumstances, their use would result in a likelihood of confusion or mistaken association;

c) they are identical or similar to a filed for or registered advertising slogan that, given the circumstances, their use would result in a likelihood of confusion or mistaken association;

d) they are identical or so similar to a distinctive sign belonging to a third party where, the applicant being or having been a representative or distributor of the owner of the protected sign in a Member Country or elsewhere or a person expressly authorized by that right holder, their use, given the circumstances, would result in a likelihood of confusion or mistaken association;

e) consist of a sign that is capable of affecting the identity or prestige of legal entities, whether non-profit or not, or natural persons other than the applicant or identifiable by the general public as being such a different person, particularly in regard to a given name, family name, signature, title, nickname, pseudonym, image, portrait, or caricature, where no consent has been obtained from that person or, if deceased, the declared heirs of that person;

f) consist of a sign that may violate the intellectual property right or copyright of a third party, unless the consent of that party has been obtained;

g) consist of the name of indigenous, African American, or local communities, or of such denominations, words, letters, characters, or signs as are used to distinguish

their products, services or methods of processing, or that constitute an expression of their culture or practice, unless the application is filed by the community itself or with its express consent; and,

h) consist of a total or partial reproduction, imitation, translation, transliteration, or transcription of a well-known sign belonging to a third party without regard to the type of product or service to which it shall be applied, the use of which would lead to a likelihood of confusion or mistaken association with that party,; taking unfair advantage of the prestige of the sign; or weakening its distinctive force or its use for commercial or advertising purposes.

Article 137.- The competent national office may, when it has sufficient reason to believe that the registration was applied for in order to engage in, contribute to, or strengthen an act of unfair competition, may refuse to register that trademark.

CHAPTER II

On the Registration Procedure

Article 138.- The application for registration of a trademark shall be filed with the competent national office. It shall cover a single category of goods or services and shall meet the following requirements:

- a) the petition;
- b) a reproduction of the trademark where it is a denomination containing graphic elements, shape, or color, or a figurative, mixed or three-dimensional trademark with or without the use of color;
- c) such powers of attorney as may be needed;
- d) proof of payment of the prescribed fees;
- e) the authorizations required for the cases stipulated in articles 135 and 136, where applicable; and
- f) the certificate of registration in the country of origin issued by the granting authority and, if so stipulated in domestic legislation, the receipt for payment of the prescribed fee, should applicants wish to avail themselves of the right provided for in Article 6 quinquies of the Paris Convention.

Article 139.- The petition for registration of the trademark application shall be a form and shall include the following information:

- a) the request for registration of a trademark;
- b) the name and address of the applicant;

- c) the nationality or address of the applicant and, should the applicant be a legal entity, the place of incorporation;
- d) the name and address of the applicant's legal representative, if pertinent;
- e) a statement of the trademark to be registered, where such trademark is denominative only, without graphics, shape or color;
- f) a list of the specific goods or services for which the trademark registration application is being filed;
- g) a statement of the category to which the products or services correspond; and,
- h) the signature of the applicant or the applicant's legal representative.

Article 140.- The date of its receipt by the competent national office shall be considered the application filing date, provided that the application contained at least the following elements:

- a) a statement that the applicant is filing for registration of a trademark;
- b) data that shall permit identification of the applicant or person filing the application or enable the competent national office to communicate with that person;
- c) the trademark for which registration is being applied for, or a reproduction of the trademark in the case of trademarks that are denominations with special graphic elements, shapes or colors, or of figurative, mixed or three-dimensional trademarks, whether in color or not;
- d) a list of the specific goods or services in respect to which the trademark protection is being applied for; and,
- e) proof of payment of the prescribed fees.

Failure of to provide any of the requirements listed in this article shall cause the competent national office to reject the application for processing and no filing date shall be assigned to it.

Article 141.- An applicant may claim as the filing date of an application for registration of a trademark the date that the trademark was used to distinguish goods or services at an officially recognized exhibition held in any country when applied for within six months following the date on which the said goods or services were first exhibited under that trademark. In that case, the application may be considered filed as from the date of the exhibition.

The acts referred to in this article shall be certified by the competent authority responsible for the exhibition, which shall state the date on which the trademark was first used in connection with the goods or services in question.

Article 142.- An applicant wishing to invoke the right provided for in Article 6 quinquies of the Paris Convention for the Protection of Industrial Property shall submit the certificate of trademark registration in the country of origin within a period of three months after the application filing date.

Article 143.- Applicants for registration of a trademark may ask to modify their applications at any time during their processing or to correct any material mistakes.

The competent national office may, at any stage of the processing, suggest that applicants make changes in their applications. The said proposal of amendment shall be processed in accordance with the provisions of article 144.

In no case may the application be amended by making important changes in the trademark or adding to the products or services initially specified.

Fees may be prescribed for the amendment application, if domestic legislation so provides.

Article 144.- The competent national office shall, within 15 days following filing, conduct an examination to determine whether the application complies with the conditions of form specified in articles 135 and 136.

Should the examination reveal that the application does not comply with the conditions of form specified in the preceding paragraph, the competent national office shall request that the applicant to remedy those defects within a period of sixty days following notification.

If the applicant fails to fulfill the requirements by the end of the stipulated term, the application shall be rejected and shall lose its position within the order of priority.

Article 145.- If the application meets the formal conditions of form laid down in this Chapter, the competent national office shall order its publication.

Article 146.- Within thirty days following such publication, any person having a legitimate interest may, one time only, file a valid objection that could result in invalidation of the trademark registration.

The competent national office may, at the request of a party and once only, grant an additional thirty-day period in which to provide valid reasons for opposing registration of the trademark.

Reckless objections may be sanctioned if provided for by domestic legislation.

No objections based on such trademarks as may have existed at the same time as that being applied for, may be lodged against the application within six months following expiry of the grace period referred to in article 153.

Article 147.- For the purposes of the previous article, it shall be understood that both the owner of an identical or similar trademark, for goods or services in respect of which use of the other trademark would be likely to lead to confusion, and the person that first applied for registration of the trademark in any Member Country, have a legitimate interest in lodging objections in the other Member Countries. In either case, such opponents shall demonstrate real interest in operating in the market of the Member Country where they are filing an objection by applying for registration of the trademark at the moment they express their opposition.

If an objection is lodged on the basis of a trademark previously registered in any Member Country under the provisions of this article, the competent national office shall have the authority to deny registry of the second trademark.

The filing of an objection based on an application for trademark registration previously filed in any Member Country under the provisions of this article shall result in the suspension of the registration of the second trademark until such time as the registration of the first has been conferred. In that event, the stipulations of the previous paragraph shall be applicable.

Article 148.- The competent national office shall, in the event of any opposition having been presented, request applicants to submit such arguments and evidence as they deem fit within thirty days following that notification.

The competent national office shall, at the request of one of the parties, grant for one time only a period of thirty additional days in which to provide valid reasons for the refutation.

Article 149.- The competent national office shall not accept for consideration such objections as:

- a) are lodged without an indication being given of the essential data identifying the opponent and the application against which the objection is being filed;
- b) are lodged after the deadlines have lapsed;
- c) have not paid the prescribed processing fees.

Article 150.- At the expiration of the period stipulated in article 148, or if no objections have been filed, the competent national office shall proceed to conduct the examination of registrability. Should any opposition have been presented, the competent national office shall rule on those objections and on the grant or refusal of registration of the trademark and inform the parties of its decision.

Article 151.- Member Countries shall use the International Classification of Goods and Services for the Purposes of the Registration of Marks established by the Nice Agreement of June 15, 197 and its effective amendments to classify the goods and products to which the trademarks shall be applied.

The categories of the International Classification named in the previous paragraph into which those goods and services are classified shall not be used to determine whether the expressly listed products or services are similar or different.

CHAPTER III

On the Rights and Limitations conferred by the Trademark

Article 152.- Registration of a trademark shall be for a term of ten years counted from the grant date and may be renewed for successive ten-year periods.

Article 153.- The owner of a registered trademark or any party with a legitimate interest shall apply to the competent national office for its renewal within six months before expiry of its registration. Notwithstanding the foregoing stipulation, both the owner of the registered trademark and any party having a legitimate interest shall be given a grace period of six months following the date of expiration of the registration in which to apply for renewal. Such persons shall accordingly attach receipts for payment of the prescribed fees and shall, at the same time, pay any such surcharge as the domestic legislation of the Member Countries may prescribe. The registered trademark shall retain its full validity over that period.

Renewal shall not require proof of trademark use and shall be granted automatically on the same terms as the original registration. The owner of the registered trademark may, however, reduce or limit the goods or services listed in the original registration.

Article 154.- Registration of a trademark with the competent national office shall confer the exclusive right to its use.

Article 155.- The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from engaging in the following acts:

a) using or affixing the trademark or a similar or identical distinguishing sign to products in respect of which the trademark is registered; to products connected with the services for which the trademark is registered; or to the packages, wrappings, packing, or outittings of those products;

b) removing or changing the trademark, once it has been placed on or affixed to the products in respect of which the trademark is registered, for commercial purposes; to products connected with the services for which it is registered; or to the packages, wrappings, packing, or outfitting of those products;

c) manufacturing labels, packages, wrappings, packing, or such other materials as may reproduce or contain the trademark, and selling or storing such materials;

d) using, in the course of trade, identical or similar signs to the trademark for goods or services, where such use would result in a likelihood of confusion or mistaken association with the registration owner. In the case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed;

e) using in the course of trade identical or similar signs to a well-known trademark with respect to any goods or services, where such use, by weakening the distinctive force or the value of that trademark for commercial or advertising purposes or by taking unfair advantage of the prestige of the trademark or of its owner, could unjustly damage the registration owner's economic or commercial interests;

f) making public use of identical or similar signs to a well-known trademark, even for purposes that are non-commercial, where such use could weaken the distinctive force or value of that trademark for commercial or advertising purposes or take unfair advantage of its prestige.

Article 156.- For the purposes of the provisions stipulated under paragraphs e) and f) of the previous article, the following acts, among others, shall constitute use of a trademark by a third party in the course of trade:

a) introducing into commerce, selling, offering for sale, or distributing products or services that bear the said trademark;

b) importing, exporting, storing, or transporting products that bear the said trademark; or,

c) using the said trademark, independently of the means of communication employed and without prejudice to such standards as may be applicable to advertising, in advertising, publications, commercial documents, or written or oral communication.

Article 157.- Provided that it is done in good faith and does not constitute use as a trademark, third parties may, without the consent of the owner of the registered trademark, make use in the market of their own names, addresses, or pseudonyms, a geographical name, or any other precise indication concerning the kind, quality, amount, purpose, value, place of origin or time of production of their goods or of the rendering of their services, or other characteristics thereof, provided that such use is confined to identification or information purposes only and is not likely to create confusion over the source of the goods or services.

Trademark registration shall not confer on the owner the right to prevent a third party, where proceeding in good faith, from using the trademark to announce, even in advertising using brand comparisons, offer for sale, or advertise the existence or

availability of lawfully trademarked goods or services, or from advertising the compatibility or suitability of spare parts or accessories that may be used with goods bearing the registered trademark, provided that such use is confined to the purpose of informing the public and is unlikely to lead to confusion over the corporate origin or the goods or services concerned.

Article 158.- Trademark registration shall not confer on the owner the rights to prevent third parties from engaging in trade in a product protected by registration once the owner of the registered trademark or another party with the consent of or economic ties to that owner has introduced that product into the trade of any country, in particular where any such products, packaging or packing as may have been in direct contact with the product concerned have not undergone any change, alteration, or deterioration.

For the purposes of the preceding paragraph, two persons shall be considered to have economic ties when one of the persons is able to exercise a decisive influence over the other, either directly or indirectly, with respect to use of the trademark right or when a third party is able to exert that influence over both persons.

Article 159.- Where registrations of an identical or similar mark exist in the Subregion in the name of different owners for the identification of the same goods or services, the marketing of the goods or services identified with that mark in the territory of the Member Country concerned shall be prohibited, except where the owners of the said marks enter into agreements allowing such marketing.

In the event of such agreements having been entered into, the parties shall take the necessary precautions to avoid misleading the public as to the origin of the goods or services concerned, which shall include matters relating to the identification of the origin of the goods or services in question in appropriate and prominent characters for the proper information of the consuming public. The said agreements shall be registered with the competent national offices and shall conform to the standards governing business practices and the promotion of competition.

In any event, the importation of a product or service that is in the situation described in the first paragraph of this Article shall not be prohibited where the mark is not being used on the territory of the importing country, as provided in the first paragraph of Article 166, except where the owner of the said mark satisfies the competent national office that the non-use of the mark is justified by legitimate factors.

Article 160.- Where the trademark consists of a geographical name, the product may not be marketed without bearing visible and clearly legible identification of its place of manufacture.

CHAPTER IV

On the Licensing and Assignment of Trademarks

Article 161.- A trademark that is registered or for which registration has been filed shall may be assigned or to transfered by succession that trademark, with or without the business to which it belongs.

Any assignment or transfer of a trademark registration shall be filed with the competent national office. Failure to register shall render the assignment or transfer invalid with respect to third parties.

An assignment or transfer, in order to be registered, shall be in writing.

Any interested party may file for registration of an assignment or transfer. The competent national office may deny that registration, if the transfer is likely to cause confusion.

Article 162.- The owner of a trademark that is registered or being filed for may license one or more parties to use the trademark in question.

Any license that is granted for use of a trademark shall be registered with the competent national office. Failure to register shall render the license invalid with respect to third parties.

The license, in order to be registered, shall be made in writing.

Any interested party may request the registration of a license.

Article 163.- The competent national authority shall not register any trademark licensing agreements or assignments or transfers that do not conform to the provisions of the Common Regime for the Treatment of Foreign Capital and for Trademarks, Patents, Licenses, and Royalties, or that do not conform to Andean Community or domestic antitrust.

Article 164.- The owner of the registered trademark shall report to the competent national office, during the license's period of effectiveness, any change in the name or address of the registered trademark owner. Otherwise any notification that is made using the data entered in the registration.

CHAPTER V

On the Cancellation of Registration

Article 165.- The competent national office shall, at the request of an interested party, cancel a trademark registration after an uninterrupted period of non-use in any Member Country, without valid reasons, by the owner, a licensee, or another person authorized by the owner, of at least three years immediately before the start of the cancellation proceeding. Cancellation of a registration for non-use of

trademark rights may also be requested as a defense in an opposition proceeding lodged on the basis of the unused trademark.

Without prejudice to the stipulation of the previous paragraph, no cancellation proceeding shall be initiated until three years after the date of notification of the final resolution within the administrative registration procedures relating to the.....

Where non-use of a trademark affects only one or several of the goods or services in respect of which it was registered, an order shall be given to shorten or limit the list of products or services originally included in the trademark registration in order to remove those goods and services in respect of which the trademark has not been used; the identity or similarity of the goods or services shall be taken into consideration for this purpose.

Registration may not be cancelled where the owner of the trademark is able to show that non-use is due to force majeure or an Act of God, among other things.

Article 166.- A trademark shall be considered in use where the goods or services distinguished by it have been placed in circulation or are available on the market under that trademark, in the form and amounts that are normal, due account being taken of the nature of the goods or services and the methods used for their marketing.

A trademark shall also be considered in use if it distinguishes only goods that are intended for exportation from any of the Member Countries, as stipulated in the previent paragraph. .

Use of a trademark in a form different from that in which it was registered only with respect to details or features that do not alter its distinctive character shall not constitute grounds for cancellation of registration for non-use, or lessen the protection afforded to the trademark.

Article 167.- The burden of proof of trademark use shall rest with the owner of the registration.

Commercial invoices, accounting documents, or auditing certificates, that demonstrate the regular nature and amount of trade that exists in the goods identified by the trademark may be employed to prove trademark use, among others.

Article 168.- The person who obtains a favorable ruling shall have the preferential right to registration. This right may invoked at the filing time of the request for cancellation or within three months following the effective date of the decision that ended the administrative procedure for trademark cancellation.

Article 169.- Where the owner of the trademark has caused or allowed that trademark to become a common or generic sign to identify or denote one or

several or the goods or services for which it was registered, the competent national office shall order, ex officio or at the request of a party, the cancellation of the trademark or the limitation of its scope.

A trademark shall be considered to have become a common or generic sign if, in commercial circles and for the public, it has lost its distinctive character as an indication of the corporate source of the product or service to which it is applied. In order for this to occur, the following elements shall exist in relation to the trademark:

- a) the need of competitors, given the absence of any other appropriate name or sign for designating or identifying in their trade the good or service in question, to use the sign to carry out their business activities;
- b) widespread use of the trademark by the general public and among commercial circles as the common or generic indication of the good or service in question; and
- c) ignorance or limited knowledge by the public that the trademark denotes a specific corporate origin.

Article 170.- On receipt of petitions to cancel registrations, the competent national office shall request the owners of the trademarks in question to assert their arguments and submit the proof they deem fit within sixty working days counted from the date of notification.

At the expiration of the period stipulated in this article, the competent national office shall proceed to decide whether or not to cancel the trademark registration and shall inform the parties of its decision through a resolution.

CHAPTER VI

On the Renunciation of Registration

Article 171.- Owners of a registration may at any time renounce their rights to the registration.

Where renunciation is partial, the cancellation of the registration shall relate only to those goods or services that the owner has renounced.

Renunciation shall not be permitted where there are encumbrances or real guaranty rights that are registered with the competent national office, unless the owners of those rights have given their express consent to such renunciation.

Renunciation of a trademark shall become effective only when registration of the renunciation with the competent national office has taken place.

CHAPTER VII

On the Invalidity of Registration

Article 172.- The competent national authority shall, either ex officio or at the request of a party, and at any time, declare the registration of a trademark absolutely null and void where it has been granted in contravention of the provisions of articles 134, paragraph one, and 135.

The competent national authority shall,, either ex officio or at the request of a party, declare the relative invalidation of a trademark registration where granted in contravention of the provisions of article 136 or obtained in bad faith. This action will lapse five years following the grant date of the contested registration.

The above-cited actions shall in no way affect such actions as may be brought for damages under domestic law.

A registered trademark may not be declared null and void on grounds that have ceased to be applicable at the time of the proceeding for invalidation.

When grounds for invalidation are applicable only to one or some of the goods or services for which the trademark was registered, invalidation shall be pronounced only in respect of those goods or services, and they shall be removed from the trademark registration.

Article 173.- The provisions of article 78 shall be applicable to this Chapter.

CHAPTER VIII

On the Lapsing of Registration

Article 174.- Registration of a trademark shall lapse by operation of law where the owner or the person having a legitimate interest does not request renewal within the legal time limit, including the period of grace, as provided for in this Decision.

Failure to pay fees under the terms stipulated by the domestic legislation of the Member Country shall likewise be grounds for lapse.

PART VII

ON ADVERTISING SLOGANS

Article 175.- Member Countries may register advertising slogans as trademarks in conformity with the respective domestic legislation.

An advertising slogan is understood to mean the word, phrase, or caption used to complement a trademark.

Article 176.- The application for registration of an advertising slogan shall specify the filed for or registered trademark with which it shall be used.

Article 177.- Advertising slogans that contain references to similar products or trademarks to expressions that may be damaging to such products or trademarks may not be registered.

Article 178.- An advertising slogan shall be assigned or transferred together with its associated trademark and its validity shall be subject to that of the trademark.

Article 179.- The relevant provisions of the Title on Trademarks of this Decision shall be applicable to this Title

Title VIII

ON COLLECTIVE TRADEMARKS

Article 180.- A collective trademark shall be understood to be any sign that serves to distinguish the origin or any other characteristic common to goods or services from different businesses that use the sign under the owner's control.

Article 181.- Legally established associations of producers, manufacturers, service providers, organizations, or groups of persons may apply for the registration of a collective trademark in order to distinguish in the market the goods or services of their members .

Article 182.- An application for registration shall specify that it is for a collective trademark, and shall be accompanied by:

- a) a copy of the articles of association of the organization, association, or group of persons applying for registration of the collective trademark;
- b) the membership list; and,
- c) a statement of the conditions on and form in which the collective trademark shall be used in connection with the goods or services.

Once registration of the collective trademark has been obtained/granted, the association, organization, or group of persons shall inform the competent national office of any changes that may have been made in any of the documents referred to in this article.

Article 183.- The collective trademark may be assigned, transferred, or licensed in accordance with the internal bylaws of the association, organization, or group of persons.

These assignments, transfers, and licenses, in order to take effect in regard to third parties, shall be registered.

Article 184.- The relevant provisions of the Title on Trademarks of this Decision shall be applicable to this Title.

Title IX

ON CERTIFICATION MARKS

Article 185.- A certification mark shall be understood to be any sign that is intended to be applied to goods or services, the quality or other characteristics of which have been certified by the owner of the mark.

Article 186.- A certification mark may be owned by a public or private business or institution; or a state, regional, or international organization.

Article 187.- An application for registration of a certification mark shall be accompanied by the regulations for use of the certification mark, stating which goods or services may be subject to certification by the owner of the mark, defining the characteristics guaranteed by the presence of the mark, and describing the control to which those characteristics shall be subjected before and after use of the certification mark.

The regulations for use of the certification mark shall be registered together with the mark.

The competent national office shall be informed of any change in the rules for use of the certification mark, which shall take effect in regard to third parties as of the date they are entered in the appropriate registry.

Article 188.- The owner of a certification mark may authorize its use by any person whose good or service complies with the conditions prescribed in the regulations for use of that mark.

The certification mark may not be used in connection with the goods or services produced, loaned, or marketed by the owner of that certification mark.

Article 189.- The relevant provisions of the Title on Trademarks of this Decision shall be applicable to this Title.

Title X

ON TRADE NAMES

Article 190.- A trade name is understood to mean any sign that identifies an economic activity, a business, or a commercial establishment.

A business or establishment may have more than one trade name, including its firm name, corporate name, company name, or any other name that may be entered in the corporation registries or registries of commercial concerns.

Trade names exist independently of the company or firm names of juridical persons and it is possible for the two of them to exist at the same time.

Article 191.- Exclusive right to a trade name is acquired through use by a legal person for the first time in commercial activities and ends when the use of the name or activities of the business or establishment using that trade name cease to exist.

Article 192.- The owner of a trade name may prevent the use in commercial activity by third parties of an identical or similar distinctive sign, where such use would result in a likelihood of confusion or the risk of association of that sign with the owner or the products or services belonging to that owner; in the case of well-known trade names, where such use could produce unjust economic or commercial injury to the owner or involve taking unfair advantage of the prestige of the owner's name or business.

The provisions contained in articles 155, 156, 157, and 158 shall be applicable to trade names, as relevant.

Article 193.- The owner of a trade name may, in accordance with the domestic legislation of each Member Country, register or deposit the name with the competent national office. This registration or deposit shall be in the nature of a declaration only. Right to its exclusive use shall be acquired only as specified in article 191.

Article 194.- Signs that are included in the following cases are not eligible for registration as a trade name:

- a) when they consist totally or in part of a sign that is contrary to morality or public order;
- b) when their use is liable to create confusion in commercial circles or in the public as to the identity, nature, activities, line of business, or any other aspect of the company or establishment that is designated by that name;
- c) when their use is liable to cause confusion in commercial circles or in the public as to the corporate source, origin, or other characteristics of the goods or services produced or marketed by the company; or,
- d) where a prior application for or registration of the trade name already exists.

Article 195.- In order to register the trade name, the competent national office shall first make an examination to determine whether it contravenes the stipulations of the foregoing article. Member Countries may demand proof of its use as specified in their domestic legislation

The classification of goods and services used for the trademarks may be applicable to the registration of a trade name.

Article 196.- Registration of a trade name shall be for a term of ten years counted from the date of registration or deposit and may be renewed for successive ten-year periods.

Article 197.- The owner of a registered trade name may renounce the rights to that registration. Renunciation of the registration of a trade name shall come into effect only when that renunciation has been registered with the competent national office.

Article 198.- The owner of a trade name shall apply to the competent national office for its renewal within six months before expiry of its registration. Notwithstanding the foregoing stipulation, the owner of the trade name shall be allowed a grace period of six months following the date of expiration of the registration in which to apply for its renewal, at that time attaching receipts for payment of the fees prescribed in the domestic legislation of the Member Countries and paying any such surcharge as may be prescribed for. The registered trade name shall retain its full validity over that period.

For purposes of the renewal of a trade name, the competent national offices may demand proof of its use as specified in domestic legislation. In any case, the renewal shall be carried out on the same terms as the original registration.

Article 199.- The assignment of a registered or deposited trade name shall be registered with the competent national office in accordance with the procedure applicable to the assignment of trademarks, as relevant, for which the same fee shall be payable. Without prejudice to the foregoing, a trade name may only be assigned together with the business or establishment with which it is being used.

A trade name may be licensed. That license may be registered with the competent national office when so stipulated by domestic legislations.

Title XI

ON LABELS OR EMBLEMS

Article 200.- The protection and deposit of labels or emblems shall be governed by the provisions in respect of trade names, in accordance with the domestic legislation of each Member Country.

Title XII

ON GEOGRAPHICAL INDICATIONS

CHAPTER I

On Appellations of Origin

Article 201.- An appellation of origin shall be understood to be a geographical indication consisting of the name of a particular country, region, or locality, or of a name which, without being that of a particular country, region, or locality, refers to a

specific geographical area, which name is used to identify a product originating therein, the qualities, reputation, or characteristics of which are exclusively or essentially attributable to the geographical environment in which it is produced, including both natural and human factors.

Article 202.- Those appellations of origin may not be declared such that:

- a) do not conform to the definition contained in article 201;
- b) are common or generic terms that distinguish the product concerned, that is, terms considered as such both by persons with knowledge of the area concerned and by the general public;
- c) are contrary to good manners or the public order; or,
- d) are liable to mislead the public as to the geographical source, nature, means of manufacture, or quality, reputation, or other characteristics of the products in question.

Article 203.- The declaration of protection of an appellation of origin shall be made ex officio or at the request of persons who are able to prove a legitimate interest, such being natural persons or legal entities directly engaged in the extraction, production, or processing of the product or products to be covered by the geographical indication, as well as associations of producers. Where the appellations of origin refer to their own jurisdictions, state, departmental, provincial, or municipal authorities shall likewise be considered interested parties.

Article 204.- The application for a declaration of protection of an appellation of origin shall be filed in writing with the competent national office and shall specify the following:

- a) name, domicile, residence, and nationality of the applicant or applicants and proof of their legitimate interest;
- b) the appellation of origin in respect of which the declaration is filed;
- c) the demarcated geographical area within which the production, extraction, or processing of the product to be identified by the appellation of origin takes place;
- d) the products that are designated by the appellation of origin; and,
- e) a summary of the essential qualities, reputation, or other characteristics of the products that are designated by the appellation of origin.

Article 205.- Where the application has been accepted for consideration, the competent national office shall, within the following thirty days, ascertain whether it complies with the requirements stipulated in this Title and those established in the

domestic legislation of the Member Countries, whereupon it shall observe the procedure for examining whether the trademark meets the conditions of form, insofar as pertinent.

Article 206.- The validity of the declaration of protection of an appellation of origin shall be subject to the continuing existence of the conditions on which it was based, as determined by the competent national office, which may declare the validity terminated if the said conditions no longer obtain. Nevertheless, interested parties may reapply for renewal of the said validity where they consider that the conditions on which protection was based have been restored, without prejudice to administrative appeals provided for in the domestic legislation of each Member Country.

The declaration of protection of an appellation of origin may be amended at any time where there is a change in any one of the elements to which article 204 refers, such amendment to follow the stipulated procedure for the declaration of protection, insofar as it is applicable.

Article 207.- Authorization to use a protected appellation of origin may be requested for by those persons who:

- a) are directly engaged in the extraction, production, or processing of the products identified by the appellation of origin;
- b) perform the said activity within the demarcated geographical area specified in the declaration of protection; and,
- c) comply with other requirements imposed by the competent national offices.

Article 208.- Competent national offices may grant authorizations to use the said geographical indications. Such authorization may also be accorded by the public or private institutions that represent those benefited by the appellations of origin, if permitted by domestic provisions.

Article 209.- Where the competent national office is responsible for authorization to use an appellation of origin, it shall be granted or denied within a period of fifteen days following the filing date of the application.

Article 210.- Authorization to use a protected appellation of origin shall be for a term of ten years and may be renewed for successive ten-year periods, in accordance with the procedure stipulated in this Decision for the renewal of trademarks.

Article 211.- Authorization to use a protected appellation of origin shall lapse if its renewal is not applied for within the period stipulated in this Decision for the renewal of trademarks.

Failure to pay fees shall likewise be grounds for lapse, under the conditions specified in the domestic legislation of each Member Country.

Article 212.- The use of appellations of origin with respect to natural, agricultural, handicraft, or industrial products from the Member Countries shall be reserved exclusively for producers, manufacturers, and craftsmen with production or manufacturing establishments in the locality or region within the Member Country identified or evoked by that appellation.

Only producers, manufacturers, or craftsmen authorized to use a registered appellation of origin may employ together with that appellation the term "APPELLATION OF ORIGIN."

The provisions stipulated in articles 155, 156, 157, and 158 shall be applied in respect of protected appellations of origin, as relevant.

Article 213.- Public or private institutions representing parties benefited by appellations of origin or such parties as are so designated, shall possess the mechanisms allowing for effective control to be exercised over the use of protected appellations of origin.

Article 214.- The competent national office with its announcement shall start the period of protection of an appellation of origin.

Use by unauthorized persons of appellations of origin, including cases where such use is accompanied by indications of gender, type, imitation and other similar indications, in such manner as is likely to cause confusion among consumers, shall be considered an infringement of that intellectual property right and as such, sanctionable by punishment.

Article 215.- Member Countries shall prevent use of a geographical indication identifying wines or spirits for goods of this kind not originating in the place indicated by the appellation of origin in question, even where the true origin of the goods is indicated or the appellation of origin is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation," or the like.

Member Countries may not prevent continued and similar use of a particular appellation of origin of another country identifying wines and spirits in connection with goods or services by any of their nationals who have used that geographical indication in a continuous manner with regard to the same or related goods or services within the territory of the respective Member Country for at least 10 years preceding April 15, 1994 or, in good faith, preceding that date.

Article 216.- The competent national authority shall, either ex officio or at the petition of one of the parties, declare the authorization to use a protected appellation of origin null and void if granted in violation of this Decision. The

provisions stipulated in this Decision in respect of trademark invalidation shall be applicable in this case, as relevant.

Article 217.- The competent national office shall, either ex officio or at the request of one of the parties, where use not in keeping with the provisions of the respective declaration of protection is proven, cancel the authorization for use of the appellation of origin. The relevant provisions stipulated in this Decision with regard to trademark cancellation shall be applicable in this case.

Article 218.- Competent national offices shall, where the petition is made by producers, extractors, manufacturers, or craftsmen with a legitimate interest in the matter or the respective public authorities, recognize appellations of origin protected in another Member Country.

Appellations of origin, in order to be eligible for such protection, must have been declared as such in their countries of origin.

Article 219.- Competent national offices shall recognize the protection accorded by third countries to appellations of origin or geographic indications, provided that an agreement to which the Member Country in question is a part so specifies. To be eligible for such protection, those appellations of origin must have been declared as protected in their countries of origin.

Article 220.- Appellations of origin protected in accordance with the stipulations of this Decision shall not, so long as that protection obtains, be considered common or generic in distinguishing the product they indicate.

CHAPTER II

On indications of origin

Article 221.- An indication of origin shall be understood to be a name, expression, image, or sign that indicates or evokes a particular country, region, locality, or place.

Article 222.- An indication of origin may not be used in the course of trade for a good or service where that indication is false or misleading or where its use is likely to cause confusion in the public as to the origin, source, quality, or any other characteristic of the good or service in question.

For purposes of the stipulation of the previous paragraph, its use in advertising or in any commercial documents concerning the sale, exhibition, or offering of goods and services also constitutes use of a geographical indication.

Article 223.- Persons may state their names and domiciles on the goods they market, even if those products come from another country, provided that the country or place where those goods are manufactured or produced is specifically

and clearly stated also, together with any other indications that may be needed to avoid mistaking their true origin.

Title XIII

ON WELL-KNOWN DISTINCTIVE SIGNS

Article 224.- A well-known distinctive sign is understood to mean a sign that is recognized as such in any Member Country by the pertinent sector, independently of the way or means by which it was made known.

Article 225.- A well-known distinctive sign shall be protected from use or registration that is not authorized pursuant to the stipulations of this Title, without prejudice to such other provisions of this Decision as may be applicable and to the provisions of the Member Country in respect of protection against unfair competition.

Article 226.- Use of all or a part of a well-known distinctive sign or the reproduction, imitation, translation, or transliteration thereof, that may create confusion in respect of identical or similar businesses, activities, products or services to those to which it is applied, shall constitute unauthorized use of that distinctive sign.

Also constituting unauthorized use of a well-known distinctive sign is the use of all or of a essential part of that sign, or the reproduction, imitation, translation, or transliteration thereof, even if in respect of businesses, activities, goods, or services other than those to which that well-known distinctive sign is applied, or its use for non-commercial purposes, where such use could be liable to produce any of the following effects:

- a) the risk of confusion or of association with the owner of the sign, or with the businesses, activities, goods, or services belonging to that owner;
- b) unjust economic or commercial injury to the owner of the sign by reason of the weakening of the distinctive force or commercial or advertising value of that sign; or,
- c) unfair exploitation of the sign's prestige or fame.

Use of a distinctive sign may be verified by any means of communication, including electronic media.

Article 227.- The provisions contained in articles 136 h) and 155 e) and f) shall be applicable to this Title.

Article 228.- In order to determine whether a distinctive sign is well-known, due account shall be taken of the following criteria among a thing :

- a) the extent to which it is known in the relevant sector of the public in any Member Country;
- b) the age of the distinctive sign and the size of the geographical area where it is used in and outside any Member Country;
- c) the age and the size of the geographical area where the distinctive sign is promoted, in or outside any Member Country, including its advertising and presentation at fairs, exhibitions, or other events in connection with the goods or services, the establishment, or the activity to which it is applied;
- d) the value of all investments made in promoting the distinctive sign or the establishment, activity, goods or services to which it is applied;
- e) figures for the sales and income of the owner, both at the international level and in the Member Country where protection is being sought, in respect of the distinctive sign whose well-known character is alleged;
- f) the extent of the inherent or acquired distinctiveness of the sign;
- g) the book value of the sign as a corporate asset;
- h) the volume of orders from persons interested in obtaining a franchise or license to the sign in a specific territory; or,
- i) the existence of significant manufacturing, purchasing, or storage activities by the owner of the sign in the Member Country where protection is being sought;
- j) the international trade-related aspects; or,
- k) the existence or age of any registration or application for registration of the distinctive sign in the Member Country concerned or in any other country.

Article 229.- The well-known nature of a sign shall not be denied solely because:

- a) it is not registered or in the process of being registered in the Member Country concerned or in any other country;
- b) it has not been nor is it being used to distinguish goods or services or to identify activities or businesses in the Member Country concerned; or,
- c) it is not well-known abroad.

Article 230.- The following, among others, shall be considered pertinent sectors of reference for purposes of determining whether a sign is well-known:

- a) the real or potential consumers of the type of goods and services to which the sign shall be applied;
- b) the persons involved in the channels of distribution or marketing of the kinds of goods or services to which the sign shall be applied; or,
- c) the commercial circles operating in lines of business connected with the kind of establishment, activity, goods, or services to which the sign applies.

It shall be sufficient, for the purpose of recognizing the well-known character of a sign, for it to be known within any of the sectors referred in the previous paragraphs.

Article 231.- The owner of a well-known distinctive sign may take action to prevent its use by third parties and may bring such action and take such measures as may be appropriate with the competent national authority. That owner may also prevent a third party from engaging in such acts in respect of the sign as are stipulated in article 155, the limitations established in articles 157 and 158 being applicable.

Article 232.- The right to action against unauthorized use of a well-known distinctive sign shall lapse five years counted from the date on which the owner was informed of that use, except where such use was started in bad faith, in which case that right to action shall not lapse. Such action shall not affect any action for damages that may be brought pursuant to domestic law.

Article 233.- The competent national authority shall, at the request of the owner or lawful right holder in respect of a well-known distinctive sign, where the said sign has been unlawfully registered by an unauthorized third party in a Member Country as part of a domain name or electronic mailing address, order the cancellation or amendment of that registration of domain or electronic mailing address, provided that use of that name or address is likely to have one of the effects cited in the first and second paragraphs of article 226.

Article 234.- A competent national authority shall, in making a decision on an action for unauthorized use of a well-known distinctive sign, bear in mind the good or bad faith displayed by the parties in the adoption and use of that sign.

Article 235.- Without prejudice to any action that may be taken in regard to the grounds for cancellation stipulated in articles 165 and 169, if permitted by domestic legislation, a competent national office shall cancel the registration of a trademark at the petition of the legitimate owner of that trademark where it is identical or similar to one that was well-known, according to the legislation in force, at the time registration was applied for.

Article 236.- The pertinent provisions contained in this Decision shall be applicable to this Part.

PART XIV

ON THE RIGHT OF ACTION FOR REVINDICATION

Article 237.- Where patents or registration of industrial designs have been applied for or obtained by persons with no right to those patents or registrations, or in detriment of other parties also possessing that right, the parties affected may claim those rights from the competent national authority and request the transfer to them of the applications being processed or the right grants, or their recognition as coapplicants or coowners of those rights.

Where trademark registrations have been filed for or obtained to the detriment of other parties with the same rights, the parties affected may make claims to such rights with the competent national authority by requesting their recognition as coapplicants or coowners of the rights in question.

Should the domestic legislation of the Member Country so permit, compensation for damages may be requested in the same claim.

The right to bring this action shall lapse four years after the protected of the subject matter or two years as from the date of first exploitation or use in the country by the person having obtained that right of the subject matter of the protection, whichever period expires first, except where the right was obtained in bad faith, in which case the right to bring that claim shall not lapse.

Title XV

ON ACTIONS FOR INFRINGEMENT OF RIGHTS

CHAPTER I

On the Rights of the Owner

Article 238.- Owners of a right protected by virtue of this Decision may bring action with the competent national authority against any persons infringing upon their right and also against any persons performing acts that are extremely likely to result in the infringement of that right.

The competent national authority may, ex officio and if permitted by the domestic law of the Member Country concerned, initiate the proceedings for infringement stipulated in that legislation.

In case of the coownership of a right, any one of the coowners may bring action for infringement without need for consent from the other parties, unless there is an agreement to the contrary among the coowners.

Article 239.- The owner of a patent shall have the right to take legal action for damages resulting from unauthorized use of the invention or utility model between the period when it became public knowledge and the respective application was opened to consultation and the patent grant date. Compensation shall be lawful only in respect of the subject matter covered by the patent grant, and shall be computed in accordance with the patent's effective exploitation by the defendant over the period in question.

Article 240.- In cases where infringement of a patent on a process for obtaining a product is claimed, defendants shall be liable to prove a difference between the procedure they use to obtain the product and the procedure protected by the patent whose infringement is claimed. Any identical product produced without the consent of the patent owner shall be presumed, on these regards and unless otherwise proven, to have been obtained through the patented process, if:

- a) the product obtained by means of the patented process is a new product; or
- b) there is a strong likelihood that the identical product was manufactured through the patented process and the patent owner is unable, despite reasonable efforts, to determine the process effectively used.

Consideration shall be given, in the presentation of evidence to the contrary, to the legitimate interests of the defendant insofar as the protection of their business secrets is concerned.

Article 241.- The plaintiff or defendant may request the competent national authority to order one or more of the following measures, among others:

- a) cessation of all acts that constitute the infringement;
- b) compensation for damages;
- c) withdrawal from commercial channels of all products resulting from the infringement, including packaging, wrappings, labels, printed materials or advertising, together with the materials and implements, the predominant use of which has been the commission of the infringement;
- d) prohibition against the importation or exportation of the products, or materials or implements referred to in the previous item;
- e) adjudication of the ownership of the products or materials or implements referred to in item c), in which case the value of such goods shall be charged to the amount of compensation due for damages;
- f) adoption of the necessary measures to avoid continuation or repetition of the infringement, including destruction of the products or materials or implements

referred to in item c) or the temporary or definitive closure of the business belonging to the defendant or the accused; or,

g) publication of the guilty verdict and notification of interested parties at the infringer's expense.

In the case of counterfeit trademark goods, the elimination or removal of that trademark shall be accompanied by actions to prevent the introduction of these products into commerce. Furthermore, such goods shall not be allowed to be re-exported in an unaltered state or to be subjected to a different customs procedure.

Cases duly qualified by the competent national authority or those expressly authorized by the owner of the trademark shall be excepted.

Article 242.- Member Countries may, unless out of proportion to the seriousness of the infringement, instruct judicial authorities to order infringers to tell right holders the names of third parties having taken part in the production and distribution of the infringing goods or services, and about the channels used for distribution of such goods.

Article 243.- The following criteria shall be used, among others, to calculate the amount of compensation to be paid for damages:

a) the consequential damage and lost profits suffered by the right holder as a result of the infringement;

b) the amount of profit obtained by the infringer as a result of the acts of infringement; or,

c) based on the commercial value of the infringed right and such contractual licenses as may have already been granted, the price the infringer would have paid for a contractual license.

Article 244.- The right to action for infringement shall lapse two years counted as of the date the owner learned about the infraction or, in any case, five years after the infringement was committed for the last time.

CHAPTER II

On Provisional Measures

Article 245.- Any party initiating or who shall initiate an action for infringement may request the competent national authority to order immediate provisional measures for the purpose of preventing an infringement from occurring, avoiding its consequences, obtaining or preserving evidence, or ensuring the effectiveness of the action or compensation for damages.

Provisional measures may be requested before starting the action, together with it, or after it has been initiated.

Article 246.- The following provisional measures may be ordered, among others:

- a) immediate cessation of all acts constituting the alleged infringement;
- b) withdrawal from commercial channels of all products resulting from the alleged infringement, including packaging, wrappings, labels, printed material or advertising, or other materials, together with the materials and implements the predominant use of which has been the commission of the infringement;
- c) suspension of the importation or exportation of the goods or materials or implements referred to under the previous paragraph;
- d) establishment by the alleged infringer of an adequate guarantee; and,
- e) temporary closure of the business belonging to the defendant or accused, if necessary, to avoid continuation or repetition of the alleged infringement.

The competent national authority may, if permitted by the domestic law of the Member Country concerned, order the application of provisional measures *ex officio*.

Article 247.- A provisional measure shall be ordered only where the persons requesting it accredit their lawful right to act and the existence of the infringed right, and provide evidence allowing for a reasonable presumption of infringement or that infringement is imminent. The competent national authority may require persons requesting the measure to post a bond or sufficient equivalent assurance before ordering such a measure.

The applicant for a provisional measure in respect of particular goods shall supply the necessary information and a sufficiently detailed and precise description so that the allegedly infringing goods can be identified

Article 248.- Where a provisional measure has been adopted *inaudita altera parte*, the party affected shall be given notice without delay after the execution of the measures. The defendant may request the competent national authority to conduct a review of the executed measure.

Unless stipulated otherwise, any provisional measure executed *inaudita altera parte* shall cease to have effect by operation of law if infringement proceedings are not initiated within ten days following the execution of the measure.

The competent national authority may modify, revoke, or confirm the provisional measure.

Article 249.- Provisional measures shall be applied to the goods resulting from the alleged infringement and to the materials or implements, the predominant use of which has been the commission of the infringement.

CHAPTER III

On Border Measures

Article 250.- The owner of a registered trademark who has valid grounds for suspecting that the importation or exportation of counterfeit trademark goods will take place, may request the competent national authority to suspend this customs operation. The conditions and hand stipulated in the domestic legislation of the Member Country concerned shall be applicable to this request and to such an order as that authority may issue.

The party requesting measures to be taken at the border shall be required to supply the necessary information and a sufficiently detailed and precise description of the goods subject to the alleged infringement so they can be identified.

The competent national authority may, if permitted by the domestic laws of the Member Country, order the application of measures at the border ex officio.

Article 251.- The competent national authority shall give trademark owners the opportunity to participate in the inspection of the detained goods in order to substantiate their claims. The importer or exporter of those goods shall be entitled to exercise the same right.

The competent national authority shall make all necessary arrangements for confidential information to be protected during the inspection procedure.

Article 252.- Upon fulfillment of the applicable conditions and hand provisions, the competent national authority shall order deny the suspension of the customs operation and shall inform the applicant accordingly.

In the event that the authority orders the operation to be suspended, the notification of the applicant shall include the name and address of the consigner, importer, exporter, and consignee of the goods concerned, and the amount of goods to be detained. The importer or exporter of those goods shall be likewise notified of the suspension.

Article 253.- If, within ten working days after the applicant has been served notice of the suspension of the customs operation, the plaintiff fails to initiate infringement proceedings or the competent national authority has not taken measures to prolong the suspension, the measure shall be revoked and the detained goods shall be released.

Article 254.- If infringement proceedings have been initiated, the defendant may appeal to the competent national authority, which shall decide whether to modify, revoke, or confirm the suspension.

Article 255.- Once the existence of an infringement has been determined, such counterfeit trademark goods as the competent national authority may have seized may not be re-exported in an unaltered state or subjected to a different customs procedure, except in cases duly qualified by the competent national authority or expressly authorized by the right holder.

Without prejudice to other rights of action available to the right holder and subject to the right of the defendant to seek review by a judicial authority, the competent national authorities shall have the authority to order the destruction or seizure of infringing goods.

Article 256.- Small quantities of goods of a non-commercial nature contained in traveler's luggage or sent in small consignments shall be excluded from the application of the provisions of this chapter.

CHAPTER IV

On Criminal Procedures

Article 257.- Member Countries shall provide for criminal procedures and penalties to be applied in cases of trademark counterfeiting.

Title XVI

ON INTELLECTUAL PROPERTY-LINKED TRADE PRACTICES

CHAPTER I

On Acts of Unfair Trade Practices

Article 258.- Any act carried out in respect of intellectual property in the course of trade that is contrary to honest commercial practices shall be considered unfair.

Article 259.- The following, among others, constitute intellectual property-linked unfair trade practices:

- a) any act which, by any means whatsoever, is capable of causing confusion with respect to the business, goods, or industrial activity of a competitor;
- b) false affirmations made in the course of trade that are capable of discrediting a competitor's business, goods, or industrial or commercial activity; or,

c) indications or affirmations whose use in the course of trade may mislead the public with regard to the nature, method of manufacture, characteristics, usefulness, or quantity of the goods in question.

CHAPTER II

On Industrial Secrets

Article 260.- An industrial secret shall be considered to be any undisclosed information within the lawful control of an individual person or legal entity that may be used for any productive, industrial, or commercial activity and that is capable of being transmitted to a third party, so long as that information:

a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;

b) has commercial value because it is secret; and

c) has been the subject of reasonable steps by the person lawfully in control of the information, to keep it secret.

The information constituting an industrial secret may be related to the nature, characteristics, or purpose of the products, production methods or processes, or the means or forms of distribution or marketing of goods or rendering of services.

Article 261.- For purposes of this Decision, information whose disclosure is the result of a legal provision or court order shall not be considered an industrial secret.

Information provided to any authority or disclosed by legal provision by the person in lawful possession of it shall not be considered public property if that person supplies the information for the purpose of obtaining licenses, permits, authorizations, registrations, or any other legal acts.

Article 262.- Persons shall have the possibility of preventing an industrial secret lawfully within their control from being disclosed to, acquired by, or used by third parties in a manner contrary to fair trade practices. Performance of any of the following acts in respect of an industrial secret shall be considered unfair competition:

- a) using, without the authorization of the person lawfully in control of that information, an industrial secret to which the third party had access under a confidentiality obligation resulting from a contractual or labor trade practice;
- b) communicating or disclosing, without the consent of the person lawfully in control of that information, the industrial secret referred in subsection a) with the intent of obtaining advantages for oneself or another party or of causing injury to the person in control of that information;
- c) acquiring an industrial secret by means that are unlawful or contrary to fair practice practices;
- d) using, communicating, or disclosing an industrial secret acquired in the way described in subsection c);
- e) using an industrial secret obtained from another person, while knowing, or negligently failing to know, that the party who communicated the secret had acquired it by use of the means cited under subsection c), or did not have consent to communicate it from the person lawfully in control of that information;
- f) communicating or disclosing an industrial secret obtained in the way described under subsection e), for the benefit of oneself or a third party or to injure the person lawfully in control of that industrial secret.

An industrial secret shall be considered to have been acquired by means contrary to fair trade practices where such acquisition is the result of industrial espionage, breach of contract or other obligations, breach of trust, breach of a duty of secrecy, or inducement to breach.

Article 263.- Protection of an industrial secret shall last so long as the conditions set out in article 260 exist

Article 264.- Any person lawfully in control of a trade secret may transfer it to a third party or authorize its use by a third party. That authorized user shall be under the obligation not to disclose the industrial secret by any means, unless otherwise agreed with the person having transferred or authorized use of that secret.

Agreements for the transfer of technological know-how, technical assistance, or the provision of basic or detailed engineering may include confidentiality clauses to protect the trade secrets contained therein, provided that such clauses are not contrary to antitrust provisions on free competition.

Article 265.- Persons with access to an industrial secret by reason of their work, employment, job, professional performance, or business relationship and warned of the confidentiality thereof, shall refrain from making use of it or disclosing it without just cause and without the consent of the owner or authorized user of that secret.

Article 266.- Member Countries, when requiring, as a condition for approving the marketing of pharmaceutical or of agricultural chemical products which utilize new chemical entities, the submission of undisclosed test or other data, the origination of which involves a considerable effort, shall protect such data against unfair commercial use. In addition, Member Countries shall protect such data against disclosure, except where necessary to protect the public or unless steps are taken to ensure that the data is protected against unfair commercial use.

Member Countries may take steps to guarantee the protection provided for under this article.

CHAPTER III

On the Rights of Action for Unfair Competition

Article 267.- Without prejudice to any other right of action, parties interested may request the competent national authority to rule on the lawfulness of any commercial act or practice pursuant to the stipulations set out under this Title.

Article 268.- The right of action for unfair competition pursuant to this Title shall lapse two years following the last practice of the unfair act, unless domestic law stipulates a different time-limit.

Article 269.- The competent national authority may initiate ex officio the proceedings for unfair competition provided for in the legislation of the Member Country concerned, if that legislation allows for it.

FINAL PROVISIONS

Article 270.- The Member Countries, with the support of the General Secretariat, shall set up an Andean information system on the intellectual property rights registered in each of those countries and to that end, shall interconnect their respective databases by December 31, 2002 at the latest.

Article 271.- The Member Countries shall undertake the establishment of mechanisms for disseminating and disclosing the technological know-how contained in investment patents.

Article 272.- The Member Countries shall seek to sign cooperation agreements designed to strengthen the institutional capacity of the competent national offices.

Article 273.- For the purposes of this Decision, a Competent National Office shall be understood to mean the administrative body responsible for the registration of Intellectual Property.

The Competent National Authority, likewise, shall be understood to mean the body designated for that purpose by national legislation on the subject.

Article 274.- This Decision shall take effect on December 1, 2000.

COMPLEMENTARY PROVISIONS

Article 275.- In accordance with the third complementary provision of Decision 391, the competent national authority on matters of access to genetic resources and the competent national offices shall set up systems to exchange information on authorized contracts for access and intellectual property rights granted by December 31, 2001 at the latest.

Article 276.- Intellectual Property matters not covered by this Decision shall be regulated by the domestic legislation of the Member Countries.

Article 277.- The competent national offices may establish such fees as they deem necessary for the handling of the procedures referred to in this Decision.

Once the formalities have been initiated with the competent national offices in question, the fees shall not be refunded.

Article 278.- With a view to the consolidation of a system of community administration, the Member Countries undertakes to ensure the best implementation of the provisions contained in this Decision. They likewise commit themselves to strengthen, promote the autonomy of, and modernize the competent national offices and the state-of-the-art information systems and services related to the state of the art

The competent national offices shall send their respective intellectual property gazettes or bulletins to the competent national offices of the other Member Countries as soon as possible following the publication thereof, by any means whatsoever. These gazettes or bulletins shall be made available to the public for consultation at the receiving office.

Article 279.- The Member Countries may sign cooperation agreements on intellectual property, such as the Patent Cooperation Treaty, provided that said agreements do not contravene the provisions of this Decision.

Article 280.- If the domestic law of the Member Countries so orders, parties applying for a patent on a genetically modified organism (GMO) and/or the technological process by which a GMO is produced, shall also be requested to present a copy of the document issued by the competent national authority on

biosafety in each Member Country, granting them permission to produce such a body.

TRANSITIONAL PROVISIONS

FIRST.- Any intellectual property right validly conferred under Andean Community legislation existing prior to the entry into force of this Decision shall be governed by the provisions that were applicable on the grant date, except in regard to the terms of validity, in which case preexisting intellectual property rights shall be adjusted to the provisions stipulated in this Decision.

The provisions contained in this Decision shall be applicable with respect to use and exercise, obligations, licensing, renewal, and extensions.

In the case of applications being processed, this Decision shall be applicable to such stages as have not yet been completed on the date of its entry into effect.

SECOND.- Microorganisms shall be patentable until other measures are adopted as a result of the examination provided for in TRIPS article 27 3b).

The commitments assumed by the Member Countries under the Convention on Biological Diversity shall be borne in mind in this regard.

THIRD.- The competent national offices shall, as stipulated in article 278, interconnect their databases by December 31, 2002, at the latest. The General Secretariat shall apply for international technical and financial resources for this purpose.

Signed in the city of Lima, Peru on the fourteenth of September of two thousand.