

RECENT DEVELOPMENT OF INDUSTRIAL PROPERTY RIGHTS IN ARGENTINA

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Due to the age of the Argentina Patent Law presently in force, which dates back to 1864, the term "recent developments" could encompass an excessively long period of time. If, on the other hand, a strict interpretation of "recent" is applied, a number of interesting subjects could be left out of this discussion. For this reason, I will choose a middle of the road approach and thus refer to certain issues which have been important in the development of statutory or case law regarding Industrial Property in Argentina.

I

Argentine Trademarks Act No. 22,362 came into force only recently, on February 1, 1981. The matter had been governed by Act No. 3975 since 1900. It should be noted initially that unlike the U.S., which adopts a declarative system where trademark rights arise mainly from an earlier use in commerce, Argentina follows in principle the attributive system in that the right in a given trademark comes into being with the pertinent registration. However, this principle becomes attenuated whenever priorities are at stake. The procedure for applying for and obtaining the grant of a trademark has two distinct stages:¹ One is strictly administrative before the Trademark Office which may lead to the grant sought by the applicant if no opposition by third parties is met, or if any opposition is withdrawn within an established period of time and if no office actions are raised, or if such office actions are satisfactorily answered by the applicant. If an opposition is not withdrawn or if the office action leads to a formal rejection of the application, the applicant must take the matter to the second stage which is before the courts to avoid the abandonment of such application. For this

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1. Trademark Act No. 22,362, § 2; see also INTER-AMERICAN ASSOCIATION OF INDUSTRIAL PROPERTY, COMPARATIVE STUDY OF TRADEMARK LEGISLATION AND PRACTICE IN AMERICA (1984).

reason, all significant decisions regarding the construction and application of the statutory provisions come from the courts.

Since the enactment of this law, Argentina has adopted the International Classification (Agreement of Nice)² and therefore service marks have been incorporated into local practice. The trademark rules presently in force also show the following novel features:

- a) use of a trademark has become necessary to avoid the forfeiture of the registration;
- b) the cancellation of anomalous registrations and the compulsory assignment to whom they really belong are explicitly contemplated; and
- c) the criminal action for trademark misuse now has a public character in the sense that it may be started and prosecuted *ex officio* without need for the holder of the affected registration to become a party to the controversy.

In conformity with Articles 5 and 26 of the new law, an already granted registration must meet the above requirements (a) at the time of applying for the renewal every ten years and (b) when a third party brings a court action claiming forfeiture by reason of nonuse. In both instances, the holder of the trademark must show that at any time within the five years immediately preceding the renewal or a court action by a third party for cancellation, as the case may be, the trademark was actually used. The law considers the following as "use" of the trademark:

- a) the marketing of *any* product, which means that sales made with respect to one product preserve the validity of the registration explicitly covering that product and also all registrations covering any other product. For example, the use of the trademark "IBM" in connection with computers is sufficient use to preserve the holder's right with regard to other registrations for "IBM" covering chemicals in international class 1 or foodstuffs in international classes 29 and 30;
- b) with regard to goods, the use performed in connection with a service; and
- c) the use of a trademark as part of a trading name.

This latter provision illustrates the degree of tolerance and flexibility of the Argentine statute in admitting a wide range of uses to avoid lapsing of a registration as even the absence of any use of a trademark does not affect its validity if the symbol at stake has

2. Agreement of Nice Concerning the International Classification of Goods and Services, June 15, 1951, 550 U.N.T.S. 45.

been actually used in a corporate or trading name. Following with the IBM example, an "IBM" trademark may be preserved by the mere use of these capital letters in the company's name even if not one single product was actually sold bearing this trademark. The position thus adopted by the new Argentine statute reflects a former trend in case law protecting "defensive trademarks," that is, trademarks which complement a name or brand used in other products or business activities.

Reality shows the existence of a formal law and a material law. Formal law arises from legal provisions, while material law is a creation of administrative or judicial precedents and of everyday practice. In the latter field, it is important to stress, particularly to foreign holders, that the condition of actual use as a prerequisite for the maintenance of a trademark registration has been judicially challenged. The requirement was claimed to be a retroactive application of the new rules, a practice banned by a general provision contained in the Argentine Civil Code.³ In this line of thought, the absence of use could be claimed against the renewal or the continued validity of a trademark registration only after five years as of the enactment of the new statute. The courts have in general terms accepted this reading of the law so that all claims based on the absence of use of a registration have been dismissed when raised within the first five years of the new Trademark Act. In at least one case, the decision went even further and maintained, as dictum rather than a holding, that any registration granted under the old statute could be renewed at the time of its first expiration—even after the first five years of the new rule—without having to show any evidence of use. This is a consequence of its having been granted while the old law was in force, where actual use was not a condition for the continued validity of such registration. However, as most of the cases are still being litigated, there is not at present a clear trend in this respect.

The second novel feature mentioned in the current Trademark Act is that contained in two subsections of Article 24, according to which trademark registrations are null and void whenever "b) they were registered by someone who knew or should have known that they belonged to a third party at the time when their registration was applied for; and when c) they were registered for subsequent sale by anyone who usually registers marks for such purpose."

3. Cód. Civ. art. 3 (Argen.).

The first of these two provisions created a series of decisions by the courts inspired in equity and fair trade principles.⁴ Such holdings were generally issued in cases in which the holders of foreign trademarks sued local residents who appropriated such trademarks by means of an earlier registration. It should be stressed here that this provision amounts to a strong protection granted to foreign parties. It takes into account the quick and easy spread of any symbol made possible by modern media, even before any registration is attempted by the legitimate holder. In fact, actual knowledge of the foreign trademark by the domestic holder, or even the likelihood of such knowledge, permits a cancellation that perhaps would not be possible under the rules of the Paris Convention where a degree of notoriety in the country where the conflict arises is necessary. In other words, this provision is an advanced weapon in the fight against trademark piracy.

The second case contemplated among the novel rules on trademark nullity is that which aims at preventing trademarks from becoming mere articles of commerce. The old Argentine statute was often construed in the sense that there was no need to use a trademark to maintain it in full force. This led to the existence of several firms whose only business was to keep trademark registrations for sale. Such sales were often imposed on applicants for new trademarks for otherwise they ran the risk of being rejected on the grounds of confusing similarity with one of those registrations kept inactive in a pool. This, of course, was contrary to the reason supporting the existence of registered trademarks as instruments to be used in actual trade. Shortly before the new statute was enacted contemplating the particular possibility of cancellation, the courts had granted in at least one case the nullity of such spurious and obstructive registrations.⁵

The last novel feature of the new Act that deserves attention is that which gives a public nature to the right of action against the infringers of trademarks and trading names. While the old law also contemplated civil and criminal actions against infringers, the criminal process could only be started and prosecuted by the holder of the affected trademark; in the absence of a specific petition by this affected holder, the court or the official prosecutor could do nothing, as the right of action was of a strictly private nature. The new

4. See, e.g., the case involving the trademark "La Vaca Que Rie." The Federal Court of Buenos Aires there found the trademark invalid because it belonged to a third person.

5. *In re Moro Garelli Società per Azioni v. Remo & Bianchedi*.

rules make this action "public," which means that it may be made *ex officio*, on the court or the prosecutor merely knowing of a given trademark registration and of a certain case of infringement. Such knowledge may be the result of a notice entered by the affected party who does not want to be involved in the expenditure of time and money that the prosecution entails. Such new rules are particularly useful in cases of extended infringements, involving a great number of infringers in different territorial jurisdictions within the country.

II

In the field of what is commonly called Patent Law, the governing rules in Argentina arise from Law No. 111, which dates back to October 11, 1864. This law requires absolute novelty in an invention to afford it patent protection and works as a regulation of the inventor's right contemplated in the Argentine Constitution.

The protection covers new discoveries and inventions in all branches of industry, particularly new industrial products, new means and the new application of already known means for obtaining an industrial product or result. Patents will not be approved for financial plans, purely theoretical discoveries of inventions, those inventions which are contrary to morals and good customs or the laws of the country, or in cases of prior disclosure. Pharmaceutical compositions will likewise not be entitled to a patent unless it is a process to obtain pharmaceuticals which was not the only one known to produce that item.

Patent applications are examined for substance, novelty and compliance with formalities. All applications are kept secret so that the opportunity to inspect only takes place after the patent is granted. The courts review, and may reverse, rejected patent applications even though the Patent Act remains silent in this respect.

The practice at the Argentine Patent Office has reflected to some extent the accession of this country to the Paris Convention in 1967, but the crucial subject of the consequences of nonworking is still unclear. Article 47 of the Patent Act sets forth that "patents validly issued shall lapse if two years have expired from their issuance without working taking place of the invention on which they were granted"; the same applies "if working is interrupted for a like space of time, unless it be through force majeure or fortuitous event, the decision as to which shall rest with the Office."

The concept of what constitutes working has been the subject of

various positions by authors. Court precedents, which were not contradicted until lately, defined exploitation as not only manufacture, production and sale, but also the offer of licenses and nominal working if adequately proved. The decisions of the courts over the past fifteen years convey a more restrictive approach to what constitutes working, the value of nominal working and even with respect to the extent of force majeure.⁶ Despite this, nominal working has not been disqualified in principle by decisions of the Supreme Court,⁷ so that even if the nominal working in a given circumstance was found insufficient to preserve the continued validity of the patent, the public offers for licenses as a means to preserve the patent have not been struck down by the judiciary.

Presently, the principal issue is the impact of the Paris Convention rules in the "working-or-lapsing" system set forth in the Argentine Patent Act. The Argentine Constitution equates the standing of international treaties with that of the laws enacted by Congress. Despite this, the courts have taken the position that the Paris Convention, and particularly those rules related to compulsory licenses, cannot be operative until they are reproduced in an internal law of the country. This position may be found in some decisions where it was maintained that "since our law does not contemplate the so-called compulsory licenses stipulated in Article 5 of the Paris Convention, the latter being not self-operative, these licenses are inapplicable until an internal rule makes possible the actual operation of such system."⁸

However, there are reasons to believe this statement to be mistaken. Argentine law regarding the validity of international treaties in this country, in light of Article 31 of our Constitution, qualifies as "moderately monist." This is true in the sense that the provisions of the treaties do not need to be reproduced in an internal law as this automatically occurs by virtue of the law deciding the accession of our country to the treaty. Therefore, if the treaty or the convention is not contrary to Argentine constitutional principles, and if it has been approved in the name of the country by the pertinent legislation, as happened with Law No. 17,011 of November 10, 1966, with respect to the Paris Convention, it immediately attains full force and effectiveness whenever such provisions are in-

6. See, e.g., *Durante, Franco v. Supramar S.A.* (Sup. Ct.).

7. See, e.g., *V.C.A. Corp. v. Plástica F.M.S.R.L.* (National Court of Appeals, Judgment of Nov. 3, 1978).

8. See generally A.J. GAVRIELONI, *INFRINGEMENT OF PATENT*.

tended as self-operative by the contracting States. Article 5A(3) of the Paris Convention bans any form of patent forfeiture until two years have elapsed since the first granted compulsory license, while the enactment of specific rules on internal condition by each country is merely an option in conformity with Article 5A(2). Licenses fit without any difficulty within those provisions of the Civil and Commercial Codes regarding agreements between private parties. Additionally, since 1971, there have existed explicit rules governing license agreements in those cases where the license comes from abroad, which even include their recordation before a Registry.

For all these reasons, it is felt that the statement contained in some precedents regarding the actual validity of Convention rules on compulsory licenses should be adjusted to reality as soon as a properly grounded case is put to the test before the courts. It should be mentioned that nobody thus far has applied for a compulsory license and taken the case to court; the claim that the Paris Convention rules have modified the "working-or-lapsing" system of the Argentine Patent Act has been made only as an argument in lawsuits where the defendant in an infringement case has attempted to have the plaintiff's patent forfeited by absence of working, and where the patentee defended himself against this attack by claiming either the validity of nominal working or the amendment of the basic provisions of the Patent Act by the Convention rules.

With respect to inventions in the field of Genetic Engineering or Biotechnology, for the purposes of this paper, such terms cover the technology used by man to modify the genetic code of living species with industrial, medicinal or other means. In Argentina, the modification of the genetic code of the biological species of the plant kingdom is protected by Law No. 20,747 of March 30, 1973, known as the Seeds and Phytogenetic Creations Act. A seed is defined as all plant structure destined for sowing or propagation, while a phytogenetic creation is defined as the cultivar obtained through discovery or by application of specific knowledge to the inheritable improvement of plants. The law allows protection of the cultivars or phytogenetic creations that are distinguishable from others known at the time of filing and that have hereditary features which are sufficiently homogeneous and stable through successive generations. The right is granted for ten to twenty years, depending on the species considered. The protection to foreign creations is conditioned on the existence of reciprocity for Argentine creations under the law of the country of origin. This sort of protection is administered

by the Secretary of Agriculture and not by the Patent Office.

As to other biogenetic creations, the absence of any specific rules in the basic patent statute or of any regulatory provisions at any level has not prevented the granting of patents in this field by the pertinent office whenever normal standards of patentability were met. Patent protection has been allowed when the inventive object is a) a DNA vector; b) a modified plasmid; c) a modified microorganism; d) a process for obtaining the modified plasmid; or e) a process for producing the modified microorganism. The Patent Office demands that the description of these inventive objects, and particularly those mentioned under categories a, b and c, be made in a sufficiently complete form as to enable an expert in the art to reproduce the object. In the specific case of vectors, plasmids and microorganisms, their deposit before internationally acknowledged agencies is accepted, as well as their identification by the deposit code, as indicating compliance with the statutory rule that the description of the invention filed with the office must not contain either restrictions or reservations. Since a description of a microorganism may become difficult or inaccurate, such reference to an already deposited specimen supplies a good means to comply with the law. It should be noted, however, that if the vector, plasmid or modified microorganism has therapeutic effects in itself, its patentability is banned by the Argentine law.

III

With respect to the protection of computer software in Argentina, there are no substantive provisions enacted so far, but it is generally understood that such protection is available under the Copyright Act.

The Copyright Office is presently receiving applications of this sort, but so far no decisions defining the scope of such protection have been issued by the courts. On the other hand, in 1975, the Patent Office issued a short set of rules which excludes program-oriented claims from protection under the Patent Act. The reason for such exclusion would be that programs are regarded as the expression of a purely mental process and therefore are unsuitable for patenting. In any case, the expansion of rules has not been constitutionally challenged. In the IBM case, where an invention was at stake,⁹ the Patent Office rejected the requested protection for lack

9. *International Bus. Machines v. Denegatoria de Patente* (Nat'l Bureau of Industrial

of an industrial, practical attribute, as it was thought that the invention merely amounted to a particular program to be fed into a digital computer. The courts reversed this rejection, finding that the technical substance of an invention qualifying for patent protection is not legally affected by the existence of software media used in the performance of the invention.

IV

In Argentina, there are several other institutions usually active in, or associated with, Industrial Property rights. Trading names are governed by specific provisions of the same statute on trademarks. The rights to these names arise from actual use in a particular line of business and cannot be confusingly similar to ones used earlier. After one year of overt continued use, the name becomes consolidated in that any right to contest its use is declared forfeited unless very special circumstance occur showing a non-innocent appropriation of another's name or mark.

Unfair competition is not contemplated in any particular provision of Argentine law granting a right of action to an affected party, at least to the extent that this is legislated in other countries. There are, however, two indirect statutory approaches: a) in the Criminal Code,¹⁰ which punishes by fines unfair advertising and other fraudulent practices aimed at acquiring the clientele of another; and b) the Fair Competition Act No. 22,802 of 1982, which governs labelling, advertising and promotion through premiums, discounts, free samples and the like. This set of rules does not specifically allow for actions between private competitors, but does provide for official prosecution of violators of the fair practice rules designed to protect consumers.

Article 156 of the Criminal Code punishes with imprisonment or fine the unjustified disclosure of secret information made by one whose access to the information derives from personal condition, trade, employment, profession or art whenever detrimental effects result. This provision is the most protection of trade secrets afforded under Argentine law. Argentina enacted regulations on technology and trademark license agreements in 1971 which apply to those cases where the license comes either directly or indirectly from abroad. These regulations were amended in 1974, 1976 and

Property), Causa No. 447 (June 28, 1984).

10. Cód PEN. art. 156 (Argent.).

again in 1982 through Law No. 22,426. The rules presently in force are among the most liberal ones in the last fifteen years, as they contemplate two basically different types of agreements: a) those made between independent parties which are recorded before the Registry merely for statistical purposes; and b) those made between related parties where an approval is needed from the Registry as to the conditions agreed on by the parties. The current statute simply establishes general guidelines that approval shall not be refused if those agreements made between related parties follow the customary practices in the market for licenses between independent parties.

V

As a final note, the reinstatement of republican institutions in Argentina resulted in several congressional committees and other government agencies that are working on drafts to either implement or amend the existent patent, software and technology transfer rules. Developments in the institutions of Industrial Property which yield consistency among the realities of proprietary rights arising from human intellect will certainly result in an improvement of the relationships between peoples and of their standard of living.