



## Study Question

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### Bad faith trademarks

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## I. Current law and practice

### Bad faith - prior third party use or filing

**1** Does your Group's current law provide for an action against the application or registration for a trademark in a jurisdiction by a party (Party A), if that trademark or a similar sign is already used in one or more jurisdictions by another party (Party B), but is not registered in the jurisdiction where Party A has filed the trademark?

*If yes, please answer questions 2) – 7). If no, please go to question 8).*

Yes

Please Explain

*In Chile trademarks are governed by the Industrial Property Law (19.039) (in force since September 30, 1991, modified by Law 19.996, in force since December 14, 2005); (last amendment was effected by Law 20.569, dated February 6, 2012, which corresponds to the adjustment of Chilean norms to those found in the Trademark Law Treaty) and the situation explained above is not included in regulations under Law No. 19.996.*

*In particular, it is necessary to take into account the grounds for prohibition of registration, in the context relevant for your question.*

*Following the substantive guidance provided by the Law No. 19.039 on Industrial Property, Article 20 (g), which states the following may not be registered as marks: Identical marks or marks that graphically or phonetically so resemble one other as to be confused with other marks registered abroad for the same products, services or business or industrial establishments in a manner likely to create confusion, provided they enjoy fame and notoriety in the sector of the public that usually consumes those commercial or industrial goods, requests those services or has access to those commercial or industrial establishments in the country of origin of the registration. As you can see, it is required that the earlier trademark is registered in the country of origin for the same class of goods or services.*

*According to the previous conditions, further analysis suggests that unregistered trademarks grant their holders the right to oppose a trademark application by a third party or to apply for the invalidation of the trademark registration only in the following cases:*

a) *when the unregistered trademark has been actually and effectively used within the national territory, prior to the application for registration made by a third party for the same or similar trademark for similar or identical goods, services or establishments, in the same class or related classes, and the trademark coexistence may create confusion; and*

b) *when the unregistered trademark is famous or notorious and it is required that the trademark is registered abroad but not in Chile, but it is also required that the trademark is identical or similar to a trademark requested in Chile and is used to distinguish the identical or similar products, services or commercial or industrial establishments. In this case, the claim must be supported by evidence of fame or notoriety among the relevant consumer public in Chile.*

**2** Is the application or registration as described under question 1) above denoted as "bad faith"? If not, what is it called?

**3** Are the following factors relevant for proving an application or registration as described under question 1) in your jurisdiction?

*Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.*

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services

Please Explain

**4** Is any one or more of the above factors sufficient on their own, or will the assessment instead always take the specific circumstances of the case into account? If one or more of those factors are sufficient on their own, please identify those factors.

**5** Which of the following factors are relevant to establishing whether there was or should have been knowledge as described under question 3) above?

*Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.*

- whether Party A operates in the same or a similar field of business as Party B

Please Explain

- whether the earlier sign is well known or enjoys a reputation

Please Explain

**6** Is the degree of similarity between the signs relevant? Please explain why in either case.

Yes

Please Explain

**7** Is the degree of similarity between the goods/services relevant? Please explain why in either case.

Yes

Please Explain

## Repeat filings

**8** Can the filing of a trademark in your Group's jurisdiction by a trademark owner for a trademark identical or similar to a trademark it already owns in that jurisdiction be refused or cancelled on the ground that the previous trademark fails to meet applicable genuine use requirements?

*If yes, please answer questions 9) -11). If no, please go to question 12).*

No

Please Explain

**9** Is the application or registration as described under question 8) above denoted as "bad faith"? If not, what is it called?

**10** Which of the following factors are relevant when assessing whether a trademark as described under question 8) should be refused or cancelled?

*Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.*

**11** Are the answers to questions 8) -10) above different if the previous trademark is no longer in force? Please explain.

## Defensive marks

**12** Is it permissible under your Group's current law to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, is there a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)?

*If yes, please answer question 13). If no, please go to question 14).*

Yes

Please Explain

*In our jurisdiction the statute does not specifically define or explain "defensive marks" or incorporate any provisions on such filings. Moreover, in our country, contrary to most other countries, use is not a requirement for maintaining trademark protection. As a result, a trademark characterized in this way may be registered and renewed indefinitely without ever having to prove actual use of the trademark. Accordingly, revocation on the basis of non-use is not available in Chile as the law does not contain any specific requirement of use for the maintenance of a trademark's validity or renewal of a registration.*

*Therefore, there is no timeframe for such intention to use the trademark.*

**13** Is the application or registration as described under question 12) above denoted as "bad faith"? If not, what is it called?

No

It is called...

## Other

**14** Does any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith <sup>16</sup> under your Group's current law? If so, what conduct and how is it denoted, ie as "bad faith" or something else?

<sup>16</sup> Including fraud within the context of this Study Question, as explained on p. 1 at paragraph 5.

*The basis for such protection is formed by several provisions contained in various regulations. Correspondingly, there are various causes of action.*

*For instance, there is Law No. 20.169 regulating Unfair Competition (amended by Law No. 20.416 fixing Special Rules for Small Companies) which purpose is to protect competitors, consumers and generally any person whose legitimate interests are affected by an act of unfair competition. The Law stipulates, in its Article 2 that the protection under this Act is without prejudice to any remedy under the Industrial Property Law, whereas Article 3 penalizes "...all conduct contrary to good faith or good customs, that by illegitimate means intends to divert the clients of a market agent."*

*On the other hand, Article 4 of the same Act covers relevant examples of unfair competition, among which the following:*

- Any conduct that takes unfair advantage of someone else's reputation inducing the confusion of one's own goods, services, activities, distinctive signs, establishments with those of a third party.*
- The use of signs or diffusion of facts and assertions, incorrect or false that introduce error regarding the nature, origin, components, characteristics, price, mode of production, trademark, suitability for the objectives it intends to satisfy, quality, and in general, concerning the advantages truly provided by the offered goods or services, either its own or alien.*
- Any comparison between one's own and somebody else's goods, services, activities or establishments when it is based on some antecedent that is not true and verifiable or that infringes the norms of this law in any other way.*

*However, it should be noted that this Act generally contains provisions with respect to the actual use of trademarks in bad faith in business practice.*

*Furthermore, it is important not to lose sight of the fact that under Paris Convention, Article 6septies, the proprietor of a trademark is protected against an agent's unauthorized registration of a mark in its own name rather than in the name of the mark's proprietor, by conferring upon the proprietor the right to properly oppose the registration or demand its cancellation or assignment in its own favour. In addition, violation of contractual obligation can be the indicator of bad faith practices.*

*Since there are variety of types of conducts constituting "bad faith" under Chilean law, the relevant authority shall make a decision depending on the submitted evidence and circumstances of each case. Chilean Trademark Law does not explicitly refer to any specific factor that may be relevant in the defining how to establish or negate bad faith.*

## Type of proceedings

**15** In which proceedings can the grounds, insofar as they are available under your Group's current law, described in your response to questions 1), 8), 12) and 14) above be invoked in your jurisdiction?

**Please tick or fill in all boxes as applicable to your jurisdiction. If you select either of the last two boxes, please describe further.**

- opposition proceedings (before the trademark/IP office)

Please Explain

- a cancellation action (before the trademark/IP office)

Please Explain

## II. Policy considerations and proposals for improvements of your current law

**6.a** Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against the application or registration of a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark

*Please tick or fill in only the applicable box. If you select "yes", please explain.*

Yes

Please Explain

*Yes. It is important to note that there are significant concerns as to whether the provision of the Industrial Property Law (19.039), article 20 (g) will meet the original goal of modifying previous provisions, since it requires formal registration of a trademark in its country of origin for the same class of goods or services. The relevant article does not overcome problems with the old regulations. The criterion of this rule involves the risk of following an approach whose basis would be too narrow. It ignores the significance of famous and notorious foreign trademarks, and also ignores the fact that not in all countries trademark ownership is based upon registration, in some jurisdictions, ownership is based on use.*

**6.b** Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the refiling of a trademark by a trademark owner as described above under question 8) above

*Please tick or fill in only the applicable box. If you select "yes", please explain.*

Yes

Please Explain

*Yes. As we said before, we have no experience in Chile with the requirement of genuine use of trademarks for maintaining protection. Nevertheless, it is important to note that a new draft amendment of the Industrial Property Law which seek to shift the emphasis of a main line of action relating to the implementation of norms and preventive action for the protection of Industrial property in accordance with important international standards, was presented to Congress. This draft law permits explicitly, for the first time in Chile, that a trademark shall be liable to revocation if, within a continuous period of five years, it has not been put to effective and real use in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use.*

**6.c** Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the filing of a trademark by a trademark owner without an intent to use such for part or all of the goods/services claimed as described above under question 12) above.

*Please tick or fill in only the applicable box. If you select "yes", please explain.*

Yes

Please Explain

*Yes, please see our response to question 16 (b) for details. In this regard, there have been discussions about changing the legal system in this respect, but so far no concrete steps have been taken toward its realization. There are particularly important opinions claiming that the mandatory use of the registered mark would require a constitutional modification.*

**6.c** Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against other conduct as described in your response to question 14) above.

**Please tick or fill in only the applicable box. If you select "yes", please explain.**

No

Please Explain

**17** Are there any other policy considerations and/or proposals for improvement to your current law falling within the scope of this Study Question?

*Definitely, there is a need to improve our current law, mainly by improving definitions and the descriptions falling within the scope of this study and there is still much room for further evaluation of potential scenarios and the corresponding proceedings.*

*The current law is very technical, difficult to understand, there is a general lack of systematisation in the current system, since the law mixes the content and scope of the rights with procedural norms. The law treats jointly procedures necessary for different areas of industrial property and contains a number of references that make complex their understanding.*

*In relation to distinctive signs it is imperative to incorporate some types of trademarks that are non-existent in our legislation. On the other hand, the obligation to use a registered trademark, which is intended to facilitate the functioning of the system avoiding the presentation of oppositions and nullity actions based on previous registered trademarks that have not been used, does not apply in Chile. In any event, the new draft Law has proposed effective and real use in connection with the goods or services in respect of which it is registered to prevent unjustifiable claims and blocking of the trademark registers with trademarks that are not used.*

*As to the causes of trademark irregularity, there is no appropriate differentiation between absolute and relative causes and there is a necessity for their systematization and definition.*

*Though it is possible to make several improvements in Chile, it is still important to consider the challenge which actual legacy poses. Change and the process of reform cannot be completely detached from the particularities of a national legal system.*

## Proposals for harmonisation

**18** Does your Group consider that harmonisation in any or all of the four areas described in question 16) above is desirable?

**If yes, please respond to the following questions without regard to your Group's current law.**

**Even if no, please address the following questions to the extent your Group considers your Group's current law could be improved.**

No

Please Explain

**19** Does your Group consider there should be a harmonised definition of bad faith?

**Please tick or fill in only the applicable box. If you have different reasons for selecting "no" or "yes" to those identified, please explain.**

No; identifying circumstances that can be relevant in assessing whether the types of conduct identified above under question 16) are allowed can be helpful, but a definition as such does not allow sufficient flexibility

Please Explain

## Bad faith - third party use or filing

**20** Should it be possible to take action against the application or registration for a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark?

*If yes, please answer questions 21) – 25). If no, please go to question 26).*

Yes

Please Explain

**21** Which of the following should be relevant factors for proving an application or registration as described under question 20)?

*Please tick or fill in all relevant boxes. If you select "other", please describe further.*

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services

Please Explain

- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)

Please Explain

- the degree of legal protection enjoyed by Party B's sign and the sign used by party A

Please Explain

**22** Should any one or more of the above factors be sufficient on their own, or should the assessment instead always take the specific circumstances of the case into account? If one or more factors should be sufficient on their own, which should they be?

*We believe that the overall circumstances of the case should be taken into account. In our legal system, on this regard, no substantive guidance is provided at legal level on choosing among possible options. Depending on the facts and all circumstances of the case certain factors can be taken into account. In every case, a refined approach is case-based reasoning.*

**23** Which of the following should be relevant when establishing whether there was or should have been knowledge as described above under question 21) above?

*Please tick or fill in all relevant boxes. If you select "other", please describe further.*

- whether Party A operates in the same or a similar field of business as Party B

Please Explain

- whether the earlier sign is well known or enjoys a reputation

Please Explain

- whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.)

Please Explain

**24** Should the degree of similarity between the signs be relevant? Please explain why or why not.

Yes

Please Explain

*Yes, it should be relevant. As a first idea in relation to the similarity between the signs, as well as between the products or services, it should be pointed out that in the Chilean legal system, trademarks are protected by a basic rule which prevents the registration or use of a sign identical or similar to a registered trademark, for goods or services identical or similar to those for which the mark is registered.*

*This constitutes the causal par excellence in Chilean law. The similarities between the signs, it is whether the marks are similar graphically, in appearance or meaning, must be assessed bearing in mind the similarities between the goods and services and vice versa. Considering that one of the most subjective issues of trademark law is the question of when are two trademarks confusingly similar, it must be accentuated that the various factors relevant for any given case do not have a standard definition.*

*Close similarity or identity of either signs or goods and services will generally be an indication towards confusion, unless, of course, there are clear differences enabling the consumers to distinguish between them, depending on the case. But, the bigger the difference between goods or services is, the less likely is to be confused with each other.*

*What matters is the balance of the degree of similarity of the goods or services and the signs, the degree of distinctiveness of the earlier mark and the impact of any other factor relevant in deciding.*

**25** Should the degree of similarity between the goods/services be relevant? Please explain why or why not.

Yes

Please Explain

### Repeat filings

**26** Should it be possible to refuse or cancel the filing by a trademark owner of a trademark identical or similar to a trademark it already owns in your Group's jurisdiction on the grounds that it fails to meet applicable genuine use requirements?

*If yes, please answer questions 27) – 28). If no, please go to question 29).*

Yes

Please Explain

*we consider that this possibility for refusal or cancellation would help to prevent blocking of the trademark protection system from the trademark applicants and holders that has no a bona fides intention to use the mark in commerce.*

**27** Which of the following factors should be relevant when assessing whether a trademark as described under question 26) above should be refused or cancelled?

*Please tick or fill in all relevant boxes. If you select "other", please describe further.*

- the degree of overlap between the goods/services

Please Explain



*This factor should be relevant for the results of the overall evaluation. As we have already mentioned, close similarity or identity of either signs or goods and services will generally be an indication towards confusion. On the contrary, if there are clear differences enabling the consumers to distinguish between them, the reasoning for refusal or cancellation is lower.*

- whether or not the signs are identical

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Please Explain

*Using the same logic as in the previous answer, this factor should be relevant for the results of the overall evaluation.*

*Whether or not the signs are identical is of special relevance in relation to the requirement of trademark use. In systems that require trademark owners to use their marks, there is the possibility that the trademark might have been filed to evade the use requirement.*

- if the signs are different, the degree of difference

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Please Explain

*This factor should be relevant for the results of the overall evaluation. If there is a significant difference between the signs, it is probable that there is a legitimate reason to file a new trademark. On the contrary, if there is close similarity or identity of the signs, there is the possibility that the main reason to file a new trademark is to avoid the trademark use requirement.*

- number of goods/services

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Please Explain

*The value of this information can be significant taking into consideration all circumstances of the case. If it can be shown that there is not, or there has not been, any intent to use the trademark for all registered trademark classes, it could be seen as a clear indication of bad faith.*

**28** Should the answers to questions 26) - 27) above be different if the previous trademark is no longer in force? if so, how?

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In principle, no.

## Defensive marks

**29** Should it be permissible to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, should there be a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)? Please explain.

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Yes

## Other

**30** Should any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith<sup>17</sup>? If yes, please explain.

<sup>17</sup> Including fraud within the context of this Study Question, as explained on p. 1 under paragraph 5 above.

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*In principle, no. The nature of the forms of conduct constituting bad faith should be evaluated taking into consideration all circumstances of each individual case.*

## Type of proceedings

**31** In which proceedings should it be possible to invoke the grounds described in your response to questions 20), 26), 29) and 30) above, insofar as they should be grounds for action in your view?

*Please tick or fill in all boxes. If you select either of the last two boxes, please describe further*

- ex officio by the trademark/IP office

Please Explain

- opposition proceedings (before the trademark/IP office)

Please Explain

- a cancellation action (before the trademark/IP office)

Please Explain

## Other

**32** Please comment on any additional issues concerning bad faith (or equivalent concepts) in the context of trademark law you consider relevant to this Study Question.

Please indicate which industry sector views are included in part "III. Proposals of harmonization" on this form:

Please enter the name of your nominee for Study Committee representative for this Question (see Rule 12.8, Regulations of AIPPI). Study Committee leadership is chosen from amongst the nominated Study Committee representatives. Thus, persons not nominated as a Study Committee representative cannot be in the Study Committee leadership.