

## **HISTORICAL DEVELOPMENT OF THE SYSTEM OF TRADEMARKS IN THE ANDEAN COMMUNITY OF NATIONS**

### **THE ANDEAN COMMUNITY**

The Andean Community of Nations, which we now know is the result of a long process of economic and political integration of Latin American governments are running for more than 50 years.

Its beginnings are traced to the Latin American Association of Free Trade (ALCA) of 1960, that as their name suggests, had the remarkable mission of alleviating interregional trade barriers among its members, members that initially were only six: Peru Argentina, Brazil, Uruguay, Chile and Mexico but a year later joined Ecuador and Colombia.

The Latin American Free Trade Association (LAFTA) failed to meet all its goals and in response to this undeniable fact, sought an integration with those countries that were considered more closest from the geographical, cultural and historic point of view emerged since 1969, after the known signature of the Cartagena Agreement, a new sub-regional international organization known to all as the Andean Pact.

Within the Agreement's objectives were:

- Facilitating their participation in the regional integration process with a view to the gradual formation of the Latin American common market.
- Tending to reduce external vulnerability and improve the position of member countries in the international economic context.
- Promoting the balanced and harmonious development of member countries under



equitable conditions through integration and economic and social cooperation.

- Accelerating the growth and employment generation.
- To strengthen the sub-regional solidarity and avoiding the existing development differences between the member countries.

The Andean Pact was originally formed by Bolivia, Colombia, Ecuador, Peru and Chile. In 1973 joined Venezuela, becoming 6 member countries of the CAN, but only for three years because in 1976, during the Pinochet government alleging reasons of fundamentally economic policy, Chile retired in 1976, returning to 5 CAN members including Venezuela but now instead of Chile. For 2006, the CAN was further reduced as Venezuela under the government of President Hugo Chavez withdrew its membership as a means of protesting against the Free Trade Agreement that Peru signed with the U.S. arguing that it ran against the CAN objectives.

Regarding the legal order of the CAN, it is important to stress that the member countries are permanently bound to the “legal system of the Andean Community, namely: statutory rules by the aforementioned Cartagena Agreement, by the Treaty of the Court, by the decisions (to which we shall refer in detail later), by resolutions adopted by the bodies, and also by modern Industrial Complementary Agreements.

## **ANDEAN LAW ON TRADEMARK MATTERS:**

### **HISTORICAL DEVELOPMENT**

The historic recall of the first laws on trademarks in the Andean countries should lead us into the late nineteenth and early twentieth century. In this regard it is acknowledged that Venezuela was the first to incorporate to its rules its own Trademark Law in a year as far as 1877. Subsequently, but in the same century Colombia followed in 1890 and Peru in 1892.



Already in the twentieth century three of the countries that currently comprise the CAN: Colombia, Ecuador and Peru decided to move forward on the path of multilateralism and sign the Inter-American Convention on trademark and commercial protection” of Washington in 1929 in order to be more effective the protection of the trademark law in their respective countries.

Later in the path of multilateralism the CAN member countries decided to join the Paris Convention, though in quite different dates because the said agreement dates from 1883.

#### **COMMON REGIME ON INDUSTRIAL PROPERTY: DECISIONS**

The CAN has been governed by different regulatory bodies, each of them has introduced a set of modifications in the treatment and the requirements for registration of trademarks, all in relation to Chapter IV of the Cartagena Agreement: Harmonization of Economic Policies and Coordination of the Development Plans.

Article 27 .-. Before December 31, 1970 the Commission on proposal of the Board, will approve and submit to consideration of the member countries a common regime on treatment of foreign capitals and among others, on trademarks, patents, licenses and royalties.”

In this sense, although with some delay, regarding Industrial Property, since 1974 has been a marked evolution in terms of the protection that trademark law has received through the called decisions.

Decisions are considered as common laws of the member countries. Having been approved by the Andean Council of Foreign Ministers or the Commission composed of the plenipotentiaries of Bolivia, Colombia, Ecuador and Peru, are instituted as binding



community rules of strict enforcement. Over 37 years the most important decisions have been:

- Decision 85, June 5, 1974
- Decision 275 of December 21, 1990
- Decision 311 of December 12, 1991
- Decision 313 of February 14, 1992
- Decision 344 of October 29, 1993
- Decision 486 of September 19, 2000
- Decision 689 of May 2008

Each of these entities of legislation introduced reforms in the protection of PI modalities. In case of trademarks, the main changes were related to the requirements for registration, the procedure of trademark granting, validity and renewal of the granted rights, as well as the reasons for cancellation.

### **The First Decision**

The Cartagena Agreement Commission at its Thirteenth Extraordinary Session held in Lima, from May 27 to June 5, 1974, adopted Decision 85, the regulations for the implementation of the rules on Industrial Property.

This decision will set rules on the following chapters: the first was about patents of invention and included several sections on the patentability requirements, holders of the patent, applications, including procedures, rights conferred by the patent, obligations of the holder, the licensing system, legal protection and the invalidity of the patent; the second chapter dealt with the industrial designs; the third chapter on trademarks, registration requirements, procedure, rights conferred by the registration, transfer and transmission thereof; and finally, the fourth chapter included the so-called miscellaneous provisions.



On being the first decision regarding Andean intellectual property matter, it does not get too deeply into specific topics, but had the immense value of developing the main ideas on which the industrial property system would be developed for the future.

Their "... provisions have as fundamental objective to establish a direct relationship between the socio-economic development, especially the technological development, and the rights granted to individuals. That is, the protection of these latter has its moral, economic and legal justification in that they are mechanisms that promote the balanced and harmonious development of Member Countries and the continuing improvement of living standards of people in the sub-region.<sup>1</sup>

This standard was the primacy of state interests over individual interests of the holders of intellectual property rights, offering a national role in their acquisition and maintenance. Although this law did not offer all the necessary protection to the individual interests of the owners, it continued governing in the community until 1991.

In this decision, three key features were firstly established for having a trademark registered.

According to its "Article 56 - may be registered as trademarks or service marks, the signs that are new, visible and distinctive enough."

The new requirement, demanded that anyone who wanted to register a trademark not only carry out a description of it but also review in detail whether there were prior rights to it, in addition to any interference that its sign could have, with well-known trademarks that were registered at home or abroad and have their products or

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<sup>1</sup> Process No. 1-IP-88. G.O. No. 33, July 26, 1988



services under similar or identical services.

The visibility requirement, did not showed problems to register traditionally known brands (pictures, word and mixed), but caused inconvenience to the registration of other type of signs, which could not be appreciated by the sense of sight as happened later with the registration of sound and smell trademarks, although at the time this law was conceived (year 1974) did not present this possibility.

The requirement that the sign has enough distinctiveness has been the only one that has survived from those days because this is based on brand recognition. Effective implementation of the consolidation is achieved in the minds of consumers, the commercial origin of the product or service offered and therefore also set quality standards are fixed, avoiding the risk of confusion among the public that purchases goods or services. Although it appears to be endorsed in third place, in our view, it was the most important since the former requirements emanated from the differentiating distinctive character that should have the sign.

In summary these requirements established the distinctiveness of the brand against others previously registered or applied for, allowing the performing of more objective and accurate examinations that limited the granting of rights and therefore the concurrence of the trademarked products that might cause confusion among consumers.

### **Decision 311**

For Latin America the eighties was marked by recession, hyperinflation and, primarily, by the debt and the consequent inability to pay, a situation that severely affected the living standards of the population.



The deplorable economic and financial situation brought the adoption of unilateral and protectionist measures in response to the crisis of each of these nations. The crisis also had a negative impact on intraregional trade leading to failure, almost everywhere, of the rules of the Agreement Establishing the European Community and the stagnation of its integration process.

As a measure to try to overcome this situation, the members until then of the Andean Pact relaunched a proposal for amending the Cartagena Agreement which entered into force in May 1988. The Protocol introduced a greater flexibility and liberalization of the foreign investment regime as well as new mechanisms for industrial cooperation. Taking into account the new sub-regional projections became necessary to change some legislative directives, among which those related to intellectual property were included. Then in the city of Caracas on November 8, 1991, the Decision 311 was issued which repealed Decision 85 in force since 1974.

Among the main reforms implemented in this new statute is that one to the parameter object of analysis.

Article 71 - Signs that are perceptible, sufficiently distinctive and susceptible of graphic representation may be registered as trademarks.

Trademark means any perceptible sign capable of distinguishing in the market, products or services produced or marketed by a person of goods or services identical or similar to another person.”

It is significant the substantial change brought about in the requirements for registration of a trademark. In this decision, neither the novelty nor the visibility of the sign were necessary. Now, the necessary condition was the perceptibility, fact that meant that the sign should be appropriate for any sense organ and as a result, the CAN



was open to the possibility of registering signs that were not traditionally protected. The graphical representation in our view could be a requirement, the regulation of which could be conditioned to the condition of visibility, since not all the signs that could be perceived comply with this condition. Therefore national offices should seek that the applicants could graphically represent that sign they wanted to protect.

In this rule, as opposed to D-85, were separated in different articles the absolute and relative prohibitions eliminating from the earliest, issues that were very clear about the use of trademarks in languages other than Spanish. The term exclusively was added in some articles, allowing dual reading thereof. With regard to the relative prohibitions it disappears the precision referred to products and services in the same class, which extends the rights of the owners to products or services which have some similarity to products or services that are registered for different classes.

One of the repercussions of the change in the requirements for registration of the trademark, was the change in the registration procedure and also in the process of granting, by diluting the connotation that the performing of the examination had before the publication in the earlier decision. Here unlike the first, the first examination is not performed on the basis of the prohibitions, but on the filing of formal documents that identify the petitioner and the trademark to be protected. Publication of the mark is effected before the substantive examination and the registration is granted or denied based on the analysis of the prohibitions established by law.

In conclusion we could set forth that this decision introduces significant changes to strengthen trademark rights. This is demonstrated by modifying the requirements for registration.



**Decision 313**

Despite the significant progress that the decision 311 introduced, it failed to grant all the protection to the industrial property demanded in the moment, this was repealed with the approval of Decision 313, on February 6, 1992.

Decision 313 retained the changes established in the decision that preceded it and made some minor changes to the registration procedure.

**Decision 344**

It introduced a number of provisions that varied the extent of the rights that until that moment granted the registration of a trademark in any one of the Member Countries of the Andean Community of Nations.

It did not regulate a community trademark that somehow could coexist with national trademark registrations, but introduced certain provisions which extended the scope of the trademark registration to the other Member Countries of the Andean Community.

It sought to benefit the process of integration and free movement of goods, by limiting somewhat the trademark national rights against the principles of integration.

Innovative provisions appeared, which created new figures and granted rights that were not previously contemplated.

With the new decision, substantial changes are introduced in the chapter dealing with trademarks. For example Article 82:

Article 82 – Signs that:

m) consist of the designation of a protected plant variety or of one essentially derived



thereof may not be registered as trademarks.

As seen in paragraph m), it also introduces a new prohibition relating to plant varieties. It prohibits registration of protected denominations. It does not prevent the registration of names of plant varieties that do not have this condition, but for everyday use have gained recognition in those locations.

With regard to the protection of well-known trademarks it is considerable the treatment that are now object of, because they have two paragraphs of the relative prohibitions:

Article 83 - It may not be registered as trademarks signs that, in relation to rights of others, have any of the following disabilities:

“D) constitute a reproduction, imitation, translation or transcription, total or partial of a well-known distinctive sign in the country in which registration is sought or in sub-regional or international trade, subject of reciprocity, by stakeholders and belonging to a third party. This prohibition will be applicable regardless of class, both in cases where the use of the sign is intended to the same goods or services protected by the well-known trademark, as in those in which the use is intended to different products or services ... “

e) are similar to the point of producing confusion with a well-known trademark, regardless of the class of the goods or services for which registration is sought.

#### **Decision 486**

Decision 486 was approved in Lima on September 14, 2000 and entered into force on December 1 that year, being repealed Decision 344.

Decision 486 contains 16 titles, including: General Provisions, of Patents of Invention, Utility Models, Layout Designs of Integrated Circuits; Industrial Designs, trademarks;



Slogans; Certification Marks; Trade Names; labels or emblems; Geographical Indications; Well-Known Distinctive Signs, right of action for reinvidication; of Actions for Infringement of Rights, and unfair competition related to industrial property.

It also contains five Final Provisions, six complementary provisions, and three Transitional Provisions.

As seen in its titles, this rule is an important community tool that reinforces community's negotiating capacity in Andean relations with third countries, in particular the Free Trade Area of the Americas (FTAA), providing a better legal protection for industrial property rights.

The context in which this rule must be understood is the process of harmonization of Industrial Property in the Andean Community with the rules of the Agreement on Trade-Related Intellectual Property Rights (TRIPS), signed under the Uruguay Round of GATT (General Agreement of Tariffs and Trade) in Marrakesh in 1994.

When the members of the Andean Community decided to join the, at that time, newly established WTO, had to meet the requirements set out in its core, and their first steps were directed to the harmonization of its legislation with the rules imposed by TRIPS taking into account the possibility of receiving trade sanctions after the non-compliance thereof.

The major substantive issues relating to trademarks were the Andean opposition, trademark coexistence and well-known trademarks



**Decision 689**

It established modifications to Decision 486, in order to enable the development and deepening of industrial property rights through domestic legislation of Member Countries in order to ensure implementation of the common regime on industrial property and preserve the legal system between the relations of the Countries. These adjustments were necessary taking into account the national legal systems, government policies and the protection of industrial property rights that some member countries had been applying and developing (in the case of Peru, mainly due to the FTA with the U.S.)

**Articles subject to change:**

- f) Article 138: To allow the establishment of a multi-class registration of trademarks.
  
- g) Article 140: To establish deadlines for remedying the formal requirements specified in the same article.
  
- h) Article 162: To set as optional the requirement of recording the license agreement for use of a trademark.
  
- i) Article 202: To establish that it will not possible to declare the protection of an appellation of origin, where it is likely to cause confusion with a trademark applied for or registered in good faith before or, with a well-known trademark.
  
- j) In Chapter III, Title XV: To exclusively develop for trademarks the enforcement regime of border measures to goods in transit

