



A I P P I

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POUR LA PROTECTION DE LA PROPRIETE INTELLECTUELLE

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FOR THE PROTECTION OF INTELLECTUAL PROPERTY

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Bilateral, Trilateral and other Free Trade Agreements
in the Americas

Conventions bilatérales et trilatérales et d'autres de
libre-échange des Amériques

Bilaterale, trilaterale und andere Freihandels-
Abkommen der Amerikas

Report Q184

Bilateral, trilateral and other Free Trade Agreements in the Americas

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Following up on our previous Report on the development of the FTAA negotiations, we can say that the same have reached a deadlock, leaving very little chances to be continued in the near future.

In view of the difficulties met with the FTAA negotiations, the USA decided to proceed negotiating Free Trade Agreements with individual countries or group of countries bilateral, all of them containing sections covering Intellectual Property issues.

We shall not refer to the NAFTA Agreement, as this is already consolidated and well-known.

The more recent agreements are:

1) Free Trade Agreement between the USA and Chile

The principal aspects of the chapter on Intellectual Property of this agreement are:

The Free Trade Agreement between Chile and the USA, hereinafter "the FTA", forms part of a series of other free trade agreements that Chile has subscribed, the central objective of which is the opening of Chilean economy to a globalized world. The result of these agreements is that nearly all Chile's foreign trade is now governed by free trade agreements, which provides an incentive for an increased exchange of goods.

The agreement with the USA is one of the agreements with the greatest impact on the Chilean economy and particularly on Intellectual Property, not only because of the specific impact of the U.S. economy but also because that treaty makes a thorough study of Intellectual Property, a subject that traditionally is not included in agreements of this type.

The FTA was signed between both countries on 6 June 2003 and came into effect on 1 January 2004. In its Chapter 17, 12 clauses or subheadings cover different aspects of Intellectual Property.

The objectives of this chapter on Intellectual Property emphasize the protection and observance of Intellectual Property rights, as well as respect for international treaties already subscribed by both nations, including the TRIPS Agreement.

It also establishes Chile's commitment to ratify or adhere to several international treaties on the subject, such as: The PCT, for prior to 1 January 2007; the International Convention for the Protection of New Varieties of Plants (UPOV, of 1991), the Trademark Law Treaty and the Brussels Convention in relation to the Distribution of Satellite Signal Carrying Programs (1974), all of which are for prior to 1 January 2009.

Moreover, the FTA establishes a final commitment that consists of making reasonable efforts to ratify or adhere to the Patent Law Treaty (2000), The Hague Agreement Concerning the International Registration of Industrial Designs (1999) and The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks.

Many of the provisions are reinforcements of Intellectual Property institutions that have already been adopted by both countries; therefore, in the following paragraphs, we shall refer to some new aspects from the Chilean point of view.

With regard to trademarks, the FTA establishes the commitment to establish collective, certification and sound trademarks. Geographical indications and olfactory marks may also be regulated.

Alongside the above, a reinforcement of the protection of famous trademarks is also established, recognizing the importance of the "Joint recommendation related to the provisions on the protection of notoriously well-known trademarks" (1999) adopted by the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of WIPO.

With regard to domain names on Internet, the commitment of counting on adequate procedures for solving controversies is established, based on the principles found in the Uniform Domain Name Dispute-Resolution Policy (UDRP) in order to address the problem of trademark cyber-piracy.

With regard to geographical indications, the commitment to identify and protect the geographical indications of each country is established.

With regard to copyrights, the following is established: the right to authorize or prohibit the reproduction of works also includes temporary copies, a very important principal in the digital field; new unique rights in the digital era that will help the actual fulfillment of standards of protection that originate from numerous international agreements in matters of Intellectual Property, for example, the exclusive right of communication to the public that authors, writers of programs and composers have to make their works available using wire or wireless means.

Within the same field, the periods of protection of the rights are increased to no less than 70 years more than the author's years of life; or, if the owner of the right is a company, the period is 70 years counted from the end of the year in which a work is published or 50 years counted from the creation of the work if it has not been published. With regard to related rights, technological protection or safeguarding measures that prevent unauthorized reproduction of protected works are reinforced.

Finally, the FTA establishes the protection of satellite signals that are carriers of codified programs, and said protection is extended to both the signals themselves as well as their content.

With regard to patents, the possibility of increasing the life of a patent is considered in order to somehow compensate the natural delays of the patent granting procedures.

At the same time, a commitment is established so that within four years from the date on which the FTA comes into force and effect the protection of patents for plants will be allowed on condition that they are new, imply an inventive step and are susceptible to industrial application.

The rights of patent applicants are reinforced in the sense that certain disclosures of the invention, prior to the patent application, will not affect the novelty of the invention.

With regard to industrial secrets, the protection of antecedents contributed to the administrative authorities to obtain approval to use a product in the market, against its commercial use with malicious intent by a third party, is being considered. This protection confers exclusivity of 5 years for pharmaceutical products and 10 years for chemicals used in agriculture.

Also established is the prohibition to grant commercialization permits in favor of a third party that does not have the consent of the owner of information that has not been divulged, to market a product consisting of a new chemical entity.

Finally, in what is referred to as the chapter or part referring to the fulfillment or respect of industrial property rights, it is established that the compensations for damages suffered will be based on the values of the legitimate goods and not on the values of the forged goods and, also, the profits of the infringer will be considered when determining the compensation; establishment of an objective rule system in order to evaluate damages in those cases when it is impossible to obtain adequate proof with the specific purpose of preventing piracy; reinforcement of the powers of the jurisdictional agencies to seize goods they suspect are false or that are part of a contraband, to seize equipment used for their manufacture or transmission, as well as all the documents that may serve as evidence; establishment of the authority to fine and/or destroy contraband or false goods, the equipment used for their manufacture or transmission as well as all documents that may serve as evidence, once the relevant responsibilities have been determined; establish the authority to act officially on the part of customs and court authorities having jurisdiction in criminal matters; establish powers to act officially with regard to goods in transit through the territory of Chile to prevent the use of ports or free zones for the transit of this type of goods; punishments are also established for the end user of falsified merchandise.

Most of the above-mentioned principles and provisions required to be stipulated in Chilean legislation. Nevertheless, a number of provisions require further perfecting for a correct application. This is being studied by the Chilean Congress.

2) Free Trade Agreement between the USA and Central American countries (Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua) and the Dominican Republic - known as CAFTA-DR

Chapter Fifteen of the CAFTA-DR complements and enhances existing international standards for the protection of Intellectual Property and the enforcement of Intellectual Property rights, consistent with U.S. law.

General Provisions

Under Chapter Fifteen the Parties are obligated to ratify or accede to several agreements on Intellectual Property rights, including, by the date of entry into force of the Agreement, the WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty, and, within specified time frames, the International Convention for the Protection of New Varieties of Plants, the Trademark Law Treaty, the Brussels Convention Relating to the Distribution of Programme- Carrying Satellite Signals, and the Patent Cooperation Treaty. The United States is already a Party to these Agreements. National treatment requirements apply broadly.

Trademarks and Geographical Indications

Chapter Fifteen establishes that marks include marks in respect of goods and services, collective marks, and certification marks, and that geographical indications are eligible for protection as marks. It sets out rules with respect to the registration of marks and geographical indications. Each Party must provide protection for marks and geographical indications, including protecting preexisting trademarks against infringement by later geographical indications. Furthermore, the Parties must provide efficient and transparent procedures governing the application for protection of marks and geographical indications. The Chapter also provides for rules on domain name management that require a dispute resolution procedure to prevent trademark cyber-piracy.

Copyright and Related Rights

Chapter Fifteen provides broad protection of copyright and related rights, affirming and building on rights set out in several international agreements. For instance, each Party must provide copyright protection for the life of the author plus 70 years (for works measured by a person's life), or 70 years (for corporate works). The Chapter clarifies that the right to reproduce literary and artistic works, recordings, and performances encompasses temporary copies, an important principle in the digital realm. It also calls for each Party to provide a

right of communication to the public, which will further ensure that right holders have the exclusive right to make their works available online. The Chapter specifically protects the rights of performers and producers of phonograms.

To curb copyright piracy, government agencies of the Parties must use only legitimate computer software, setting an example for the private sector. The Chapter also includes provisions on anticircumvention, under which the Parties commit to prohibit tampering with technology used to protect copyrighted works. In addition, Chapter Fifteen sets out obligations with respect to the liability of Internet service providers in connection with copyright infringements that take place over their networks. Finally, recognizing the importance of satellite broadcasts, Chapter Fifteen ensures that each Party will protect encrypted program-carrying satellite signals. It obligates the Parties to extend protection to the signals themselves, as well as to the content contained in the signals.

Patents

Chapter Fifteen also includes a variety of provisions for the protection of patents. The Parties agree to make patents available for any invention, subject to limited exclusions, and confirm the availability of patents for new uses or methods of using a known product. The Chapter provides for protection to stop imports of patented products when the patent owner has placed restrictions on import by contract or other means. To guard against arbitrary revocation of patents, each Party must limit the grounds for revoking a patent to the grounds that would have justified a refusal to grant the patent. Under Chapter Fifteen, Parties must provide adjustments to the patent term to compensate for unreasonable delays that occur while granting the patent, as well as unreasonable curtailment of the effective patent term as a result of the marketing approval process for pharmaceutical products.

Certain Regulated Products

Chapter Fifteen includes specific measures relating to certain regulated products, including pharmaceuticals and agricultural chemicals. Among other things, it protects test data that a company submits in seeking marketing approval for such products by precluding other firms from relying on the data. It provides specific periods for such protection – five years for pharmaceuticals and ten years for agricultural chemicals. This means, for example, that during the period of protection, test data that a company submits for approval of a new agricultural chemical product could not be used without that company's consent in granting approval to market a combination product. The Chapter also requires Parties to implement measures to prevent the marketing of pharmaceutical products that infringe patents.

Enforcement Provisions

Chapter Fifteen also creates obligations with respect to the enforcement of Intellectual Property rights. Among these, the Parties, in determining damages, must take into account the value of the legitimate goods as well as the infringer's profits. The Chapter also provides for damages based on a fixed range (i.e., "statutory damages"), at the option of the right holder or alternatively additional damages in cases involving copyright infringement.

Chapter Fifteen provides that the Parties' law enforcement agencies must have authority to seize suspected pirated and counterfeit goods, the equipment used to make or transmit them, and documentary evidence. Each Party must give its courts authority to order the forfeiture and/or destruction of such items. Chapter Fifteen also requires each Party to empower its law enforcement agencies to take enforcement action at the border against pirated or counterfeit goods without waiting for a formal complaint. Chapter Fifteen provides that each Party must apply criminal penalties against counterfeiting and piracy, including end-user piracy.

Transition Periods

Most obligations in the Chapter take effect upon the Agreement's entry into force. However, the Central American Parties and the Dominican Republic may delay giving effect to certain specified obligations for periods ranging from six months to four years from the date of entry into force of the Agreement.

3) Free Trade Agreement between the USA and Peru

The Free Trade Agreement is divided in 23 chapters, of which chapter XVI deals with Intellectual Property rights, covering the following topics:

- Adherence to International Agreements (Article 16.1)
Two Agreements about Author Rights, one about Microorganisms and another one about Satellite Carrier Signals shall be ratified at the effective date of the Agreement. Other three Agreements (PCT, TLT and UPOV) shall be ratified until January 01 2008 and others (PLT, The Hague Agreement and The Madrid Protocol) shall receive reasonable efforts for ratification.
- Trademarks (Article 16.2)
Includes issues such as:
 - No requirement of visual perceptibility as a condition for registering a trademark.
 - Registration of geographic indications as certification marks or collective marks.
 - Notorious Trademarks: Extension of the knowledge by the relevant sector of consumers.
 - Trademark registration system. Electronic application.
 - No requirement for registering trademark licenses.
- Geographic Indications (Article 16.3)
System for protection of Geographic Indications.

Trademarks and geographic indications

Geographic Indication (Origin Denomination) – The USA has no laws for protection of geographic indications and origin denomination as those provided for in the Decision 486, Common Regime of Industrial Property and the Law Decree 823, Law of Industrial Property.

Peru has only protected the origin denominations Pisco and Maiz Blanco Gigante del Cuzco (Giant White Maize of Cusco) and on July 26 2006, was granted the protection to the origin denomination of Cerámica de Chulucanas (Ceramics of Chulucanas).

- Internet Domain Names (Article 16.4)
Appropriate procedures for solving controversies in case of cyber piracy.
- Author Rights (Article 16.5)
 - Affirmation of the rights and obligations assumed due to Bern Convention.
 - Protection period:
 - Based upon the life of a natural person: 70 years after the death of the author.
 - Upon a different base:
 - Not less than 70 years from the end of the calendar year of the first authorized publication of the work.
 - In case of no authorized publication, within 50 years from the creation of the work, not less than 70 years from the end of the calendar year of the creation of the work.
 - Property of a Literary or Artistic Work: Author or authors of the work.

- Related Rights (Article 16.6)
 - Affirmation of the rights and obligations existing according to the WIPO Agreement on the Interpretation or Performance and Phonograms.
 - Acknowledgment of the rights of the interpreting or performing artists, phonogram producers, such as:
 - a) authorizing or prohibiting the reproduction of their interpretations or performances,
 - b) authorization for disclosing, to the public, the original and copies of the interpretations or performances and phonograms,
 - c) authorization or prohibition of the radio broadcasting and communications, to the public, of the non-recorded interpretations or performances,
 - Protection Period:
 - Based upon the life of a natural person: 70 years after the death of the person.
 - Upon a different base:
 - Not less than 70 years from the end of the calendar year of the first authorized publication of the interpretation, performance or phonogram.
 - In case of no authorized publication, within 50 years from the interpretation, performance or phonogram, not less than 70 years from the end of the calendar year of the interpretation or performance or phonogram.
 - Definition of radio broadcasting, communication to the public, recording, interpreting or performing artists, phonogram, phonogram producer, publication.

- Common Obligations of Author Rights and Related Rights (Article 16.7)

In order to avoid establishing hierarchies between the Author rights and Related Rights, it is expressly noticed that the application for author authorization does not cease to exist due to a simultaneous application for the authorization of the interpreting or performing artist or the phonogram producer and vice versa.

The application of the provisions of article 18 of Bern Convention and article 14.6 of TRIPS Agreement is acknowledged.

The adoption of penalty procedures and provisions for sanctioning the elusion of effective technological measures is provided for, as well as the establishment of appropriate and effective legal rights to protect the information on rights management.

Also, the issue of relevant standards for regulating the use of computer programs by public entities with authorization of the owner is provided for.

- Satellite Carrier Signals (Art. 16.8)

Obligation of each party for penal typifying of the acts that allow the decoding of a codified signal of satellite carrier of coded programs without the authorization of the legitimate distributor of such signal as well as the malicious distribution of a signal of satellite carrier of a program that was originated as a coded satellite signal known to have been decoded without the authorization of the legitimate distributor of such signal.

The adoption of civil resources, including indemnification for compensation of damages, is provided for.

- Patents (Art. 16.9)

The chapter considers the granting of patent for invention of product or procedure whenever it complies with the requirements for patenting, compared with the concepts of "inventive activity" and "appropriate for industrial application" as synonyms for "not evident" and "useful", respectively.

- Patenting of Plants

The Andean laws forbid patenting of plants (Article 20 of the Decision 486, Common Regime of Industrial Property), however, in the Agreement, Peru has committed to apply reasonable efforts to grant patent protection for plants and animals.

- Limited Exceptions of the exclusive rights granted by a Patent

Such exceptions apply whenever they do not unjustifiably affect the commercial exploitation of the patent or do not cause damages to the legitimate interests of the patent owner.

- Compensation of the period of delay for Granting Patents

This compensation refers to the slow actions of the administrative authority, whenever they are unjustified.

The agreement considers the compensation to the patent owner for unreasonable delays in the issuing of the patent, supposing that the Authority is delayed more than 5 years from the date of application for patents or 3 years from the date of application for patent examination, always and when such delay is not attributable to the patent owner.

In case of pharmaceutical products covered by a patent, provide for a restoration of the term for compensation of the patent owner for an unreasonable reduction of the effective term of the patent as a consequence of the process for approval of the first marketing of such product in the country.

- Measures related to certain regulated products (Art. 16.10)

- Protection of Test Data

The protection of test data for pharmaceutical or agrochemical products refers to granting protection for the undisclosed investigations (data) of safety and efficacy for a new product for the effects of obtaining permission for marketing.

The Agreement established 5 years of protection for pharmaceutical products and 10 years for agrochemical products; from the date of approval for marketing in the territory of the Party.

- Enforcement

Regarding the final legal decisions and administrative statements for general application about the enforcement of the Intellectual Property rights, the following is provided:

- They must be written;
 - They must be published or disclosed to the public in a national language.

The Parties shall make available to the owners of the rights, the legal civil procedures related to the enforcement of any Intellectual Property rights, including pre-established indemnifications to the owner of the affected rights. The Legal Authorities shall have the faculty to order payment of costs and procedural fees, seizure of supposed infringing products and all the related material and implements, destruction of products and to request the infringer to provide relevant information about the involved persons, used means, etc.

Also, some articles about the promotion of the innovation and technological development were included.

4) Free Trade Agreement between the USA and Colombia

In the course of this year (2006) the two countries finalized the negotiations and signed a Free Trade Agreement. This agreement also contains a chapter covering Intellectual Property issues, similar to the one of the USA – Peru Agreement.

Summary of the chapter related to Intellectual Property rights

Greater Protection for Intellectual Property Rights

- In all categories of Intellectual Property rights (IPR), U.S. companies will be treated no less favorably than Colombian companies, and the agreement makes a number of important improvements to IPR protections.

State-of-the-Art Protection for U.S. Trademarks

- Requires a system to resolve disputes about trademarks used in Internet domain names, which is important to prevent "cyber-squatting" with respect to high-value domain names.
- Applies principle of "first-in-time, first-in-right" to trademarks and geographical indications, so that the first person who acquires a right to a trademark or geographical indication is the person who has the right to use it.
- Requires the development of an on-line system for the registration and maintenance of trademarks, as well as a searchable database.
- Requires transparent procedures for the registration of trademarks, including geographical indications.

Protection for Copyrighted Works in a Digital Economy

- Copyright owners maintain rights over temporary copies of their works on computers, which is important in protecting music, videos, software and text from widespread unauthorized sharing via the Internet.
- Establishes that only authors, composers and other copyright owners have the right to make their work available on-line.
- Ensures extended terms of protection for copyrighted works, including phonograms, consistent with emerging international trends.
- Establishes strong anti-circumvention provisions to prohibit tampering with technologies (like embedded codes on discs) that are designed to prevent piracy and unauthorized distribution over the Internet.
- Ensures that governments use only legitimate computer software, thus setting a positive example for private users.
- Requires rules to prohibit the unauthorized receipt or distribution of encrypted satellite signals, thus preventing piracy of satellite television programming.
- Provides rules for the liability of Internet Service Providers (ISPs) for copyright infringement, reflecting the balance struck in the U.S. Millennium Copyright Act between legitimate ISP activity and the infringement of copyrights.

Patents & Trade Secrets: Stronger Protections

- Provides for the restoration of patent terms to compensate for delays in granting the original patent, consistent with U.S. practice.
- Limits the grounds for revoking a patent, thus protecting against arbitrary revocation.
- Clarifies that test data and trade secrets submitted to a government for the purpose of product approval will be protected against unfair commercial use for a period of 5 years for pharmaceuticals and 10 years for agricultural chemicals.
- Requires a system to prevent the marketing of pharmaceutical products that infringe patents.

- The U.S. clarified, as we have in past agreements, that the Intellectual Property chapter does not affect Colombia's ability to take necessary measures to protect public health by promoting access to medicines for all, particularly in circumstances of extreme urgency or national emergency.

Tough Penalties for Piracy and Counterfeiting

- Criminalizes end-user piracy, providing strong deterrence against piracy and counterfeiting.
- Requires the Parties to authorize the seizure, forfeiture, and destruction of counterfeit and pirated goods and the equipment used to produce them. Also provides for enforcement against goods-in-transit, to deter violators from using ports or free trade zones to traffic in pirated products. Ex officio action may be taken in border and criminal cases, thus providing more effective enforcement.
- Mandates both statutory and actual damages for copyright infringement and trademark piracy. This serves as a deterrent against piracy, and ensures that monetary damages can be awarded even when it is difficult to assign a monetary value to the violation.

This agreement was not ratified yet.

5) Further Free Trade Agreements

Presently USA is negotiating a Free Trade Agreement with Ecuador.

Bolivia is considering the possibilities of a Free Trade Agreement with the USA, and Uruguay would like to enter into one, however it is still restricted by the rules of the Mercosur.

Canada has two bilateral Free Trade Agreements, one with Chile and one with Costa Rica. These agreements do not contain any general Intellectual Property provisions, except that the Chilean Agreement provides for a geographical indication for "Canadian Whisky" (Contributed by Bruce Morgan, Ontario, Canada).

Free Trade Agreements negotiations are going on between the EU and Mercosur and further agreements between the EU and the Andean Pact countries and Central American countries are to be initiated soon.