

been sold or otherwise lawfully brought on to the national market of any country by those persons, provided that the characteristics of the said goods have not been modified or altered in the course of marketing.

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

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

In any event, the importation of a product or service that is in the situation described in the first paragraph of this Article shall not be prohibited where the mark is not being used on the territory of the importing country, as provided in the first paragraph of Article 110, except where the owner of the said mark satisfies the competent national office that the non-use of the mark is justified by legitimate factors.

#### *Section IV Cancellation of Registration*

108. The competent national office shall cancel the registration of a mark at the request of any interested person when, without just cause, the mark has not been used in at least one of the Member Countries, by either the owner or his licensee, during the three consecutive years preceding the date on which the cancellation action was initiated. Cancellation of a registration for non-use of the mark may also be sought as a means of defense in an infringement, opposition or invalidation action brought on the basis of the unused mark.

The following shall be understood to be proof of use of the mark:

1. business invoices that show the regularity and scale of marketing at least during the year prior to the initiation of proceedings for cancellation of the registration for non-use;
2. inventories of merchandise bearing the mark the existence of which is certified by a firm of auditors and affords evidence of regular production or sale at least during the year prior to the initiation of proceedings for cancellation of the registration for non-use;

3. any other element of proof allowed by the legislation of the Member Country in which the cancellation is requested.

The burden of proof of use of the mark shall be on the owner of the registration.

The registration may not be cancelled where the owner thereof shows that the non-use is due to *force majeure*, a chance occurrence or restrictions on imports, or to other official requirements imposed on the goods and services protected by the mark.

The competent national office shall also cancel the registration of a mark, at the request of the rightful owner thereof, where the said mark is identical or similar to a mark that was well known, within the meaning of the legislation in force, on the filing of the application for registration.

109. On receipt of a request for cancellation, the competent national office shall notify the owner of the registered mark so that, within a period of 30 working days following the notification, he may present such arguments as he considers appropriate to prove use of the mark.

On expiration of the period referred to in this Article, the competent national office shall decide on whether or not to cancel the registration of the mark, which decision it shall notify to the parties in a duly reasoned finding.

110. A mark shall be considered to be in use where the goods or services distinguished by it have been brought into circulation or are available on the market under that mark, in such form and quantities as are normally appropriate, due account being taken of the nature of the goods or services and the procedures according to which their market distribution takes place.

A mark shall also be considered used when it distinguishes goods intended solely for exportation from any of the Member Countries, as provided in the foregoing paragraph.

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

111. The person who wins a favorable decision shall have a preferential right to registration if he applies for it within three months of the date on which the ruling that ended the procedure for the cancellation of the mark came into effect.

112. The owner of the registration of a mark may renounce his rights in the registration.

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

Renunciation shall not be allowed where there are third-party rights or encumbrances or licenses in relation to the mark that are registered with the competent national office, except where the owners of the said rights have given their express agreement.

Renunciation of the mark shall come into effect only when registration in the appropriate registers kept by the competent national office has taken place.

#### *Section V Invalidation of Registration*

**113.** The competent national authority may, either *ex officio* or at the request of a party, declare the registration of a mark null and void, after the interested parties have been heard, where:

(a) registration has been granted in contravention of any of the provisions of this Decision;

(b) registration has been granted on the basis of particulars or documents previously declared false or inaccurate by the competent national office, which were contained in the application and which are essential;

(c) registration has been obtained in bad faith.

The following in particular shall be considered cases of bad faith:

1. where a representative, distributor or user having relations with the owner of a mark registered abroad applies for and obtains, in his own name, the registration of that mark or another susceptible of confusion with it without the express consent of the owner of the foreign mark;
2. where the application for registration has been filed, or the registration has been obtained, by a person whose usual activity is the registration of marks for the purposes of marketing.

Invalidation actions under this Article may be brought at any time.

#### *Section VI Lapse of Registration*

**114.** The registration of the mark shall lapse where the owner does not request renewal within the legal time limit, including the period of grace, as provided in this Decision.

Failure to pay fees within the time limits allowed by the domestic legislation of the Member Country shall likewise be a cause of lapse.

#### *Section VII Licensing and Transfer of Marks*

**115.** The owner of a trademark or service mark that is registered and in force may assign its use or transfer it by written agreement.

**116.** Assignments and transfers of marks that take place under the legislation of each Member Country shall be registered with the competent national office.

**117.** License agreements shall be registered with the competent body of the Member Country concerned, may not contain market-restricting clauses and shall conform to the Andean subregional order, and in particular to the Common System for the Treatment of Foreign Capital and for Marks, Patents, Licenses and Royalties.

#### *Section VIII Advertising Slogans*

**118.** The Member Countries may register advertising slogans as marks in conformity with their national legislation.

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

**119.** The application for the registration of an advertising slogan shall specify the mark applied for or registered with which it is to be used.

**120.** Advertising slogans may not be registered where they contain references to similar goods or marks or expressions that might be prejudicial to such goods or marks.

**121.** An advertising slogan shall be transferred together with the mark with which it is associated, and its validity shall be conditional on that of the mark.

**122.** The relevant provisions of the chapter of this Decision on marks shall be applicable to this Section, *mutatis mutandis*.

#### *Section IX Collective Marks*

**123.** A collective mark shall be understood to be any mark that serves to distinguish the origin or any other characteristic common to goods or services from different firms that use the mark under the owner's control.

**124.** Legally established associations of producers, manufacturers, providers of services, organizations or groups of persons may apply for the registration of a collective mark to distinguish the goods or services of their members on the market from those that do not form part of the said associations, organizations or groups of persons.

**125.** The application for registration shall specify that it is for a collective mark, and shall be accompanied by:

(a) a copy of the statutes of the association, organization or group of persons applying for registration of the collective mark;

(b) a copy of the rules that the applicant for the collective mark uses for the control of the goods or services concerned;

(c) a statement of the conditions on and form in which the collective mark is to be used in connection with the goods or services;

(d) the list of members;

(e) any other requirements laid down by the domestic legislation of the Member Countries.

Once registration of the collective mark has been secured, the association, organization or group of persons shall inform the competent national office of any changes that may occur in any of the documents referred to in this Article.

126. The collective mark may be transferred to third parties provided that the consent of the association, organization or group of persons has been obtained, and also the consent of the competent national office. In any case, its use shall be reserved for the members of the association, organization or group of persons.

The collective mark may not be licensed to persons different from those authorized to use the mark in accordance with the rules on the use thereof.

127. Collective marks and the national rules thereon shall be governed by the provisions of the chapter of this Decision on marks, *mutatis mutandis*. Without prejudice to the foregoing, the processing of the application for the collective mark shall be governed by national provisions in each Member Country.

## Chapter VI Trade Names

128. Trade names shall be protected by the Member Countries without any deposit or registration obligation. Where domestic legislation provides a system of registration, the relevant provisions of the chapter of this Decision on marks shall apply, as shall the provisions enacted for the purpose by the Member Country concerned.

## Chapter VII Appellations of Origin

129. An appellation of origin shall be understood to be a geographical designation consisting of the name of a particular country, region or locality, or of a name which, without being that of a particular country, region or locality, refers to a specific geographical area, which name is used to designate a product originating therein the qualities or characteristics of which are exclusively or essen-

tially due to the geographical environment in which it is produced, including both natural and human factors.

130. The use of appellations of origin in relation to natural, agricultural, craft or industrial products from the Member Countries shall be exclusively reserved for the producers, manufacturers and craftsmen who have their production or manufacturing establishments in the locality or region within the Member Country that is identified or evoked by the said appellation.

131. The right to the exclusive use of an appellation of origin shall originate with the declaration that the competent national office makes to that end. The use of appellations of origin by unauthorized persons shall be considered a sanctionable act of unfair competition, and shall include cases in which they are used in conjunction with qualifying terms such as "style," "type," "imitation" and other similar terms that create confusion in the mind of the consumer.

132. Those appellations of origin may not be declared such that:

(a) do not conform to the definition contained in Article 129;

(b) are contrary to proper practice or public policy, or are liable to mislead the public as to the source, nature, manner of manufacture or characteristics or qualities of the products concerned;

(c) are common or generic terms that distinguish the product concerned, that is, terms considered such both by persons with knowledge of the area concerned and by the general public.

133. The declaration of protection of an appellation of origin shall be made *ex officio* or at the request of persons who can prove a legitimate interest, understood as being natural persons or legal entities directly engaged in the extraction, production or processing of the product or products to be covered by the appellation of origin. State, departmental, provincial or municipal authorities shall likewise be considered interested where the appellations of origin refer to their own areas of concern.

134. The application for the declaration of protection of an appellation of origin shall be filed in writing with the competent national office, at which time the following shall be specified:

(a) name, domicile, residence and nationality of the applicant or applicants, and legal interest;

(b) the appellation of origin in respect of which the application is filed;

(c) the geographical area within which the production, extraction or processing of the product to be identified by the appellation takes place, demarcated according to geographical features and political divisions;

(d) a detailed description of the product or products that the appellation applied for will identify, together with the characteristics thereof;

(e) any other information stipulated by the competent national office.

135. Where the application has been accepted for consideration, the competent national office shall, within the following 30 working days, ascertain whether it complies with the requirements laid down in this Chapter and in the domestic legislation of the Member Countries, whereupon it shall observe the procedure for publication of the application and presentation of comments laid down in this Decision for the registration of marks.

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

137. Authorization to use an appellation of origin declared protected by the competent national office shall be applied for before the said office by those persons who:

(a) are directly engaged in the extraction, production or processing of the products identified by the appellation of origin;

(b) conduct the said activity within the territory specified in the declaration;

(c) comply with other requirements imposed by competent national offices.

138. Authorization shall be granted or denied by the competent national office within a period of 15 working days following the filing date of the application.

139. Authorization to use a protected appellation of origin shall have a term of 10 years, which term may be renewed by equal periods in accordance with the procedure laid down in this Decision for the renewal of marks.

140. The competent national office may, either *ex officio* or at the request of a party, invalidate the authorization to use a protected appellation of origin, after the parties have been heard, if it has been granted in contravention of this Decision.

141. Authorization to use a protected appellation of origin shall lapse if the renewal thereof is not applied for within the periods laid down in this Decision for the renewal of marks.

Failure to pay fees shall likewise be a cause of lapse, under the conditions specified in the national legislation of each Member Country.

142. Competent national offices may declare appellations of origin of countries of the Subregion protected where the application for such protection is filed by those of their producers, extractors, manufacturers or craftsmen who have a legitimate interest, or by the public authorities of those countries. In the case of other countries, the competent national offices may declare protection insofar as such a measure is provided for in any convention to which the Member Country is party, or where the other country grants the Member Country reciprocal treatment in that connection. For the said protection to be applied for, the appellations of origin must have been declared such in their countries of origin.

Appellations of origin protected in other countries shall not be considered common or generic appellations for distinguishing any product for as long as the said protection subsists.

#### Chapter VIII Complementary Provisions

143. The Member Countries may, in their own domestic legislation or under international treaties, strengthen the industrial property rights provided for in this Decision. In such cases the Member Countries undertake to inform the Commission of action so taken.

144. Industrial property matters not covered by this Decision shall be provided for in the domestic legislation of the Member Countries.

145. The competent national offices may introduce such fees as they consider necessary for the handling of the procedures referred to in this Decision.

146. With a view to the consolidation of a system of community administration, the Member Countries undertake to ensure the best implementation of the provisions contained in this Decision. They likewise undertake to strengthen, promote the independence of and modernize the competent national offices and the state-of-the-art information systems and services.

In addition, with a view to the establishment of a mutual information system among the Member Countries, the competent national offices shall send their industrial property gazettes or bulletins, as soon as possible following the publication thereof, to the other Member Countries. The said gazettes or bulletins shall be made available to the public for consultation at the receiving office.

147. The Member Countries undertake to revise their administrative procedures with a view to safeguarding the

rights and obligations accruing to individuals in conformity with this Decision.

#### **Final Provision**

**Sole Provision.** For the purposes of this Decision, Competent National Office means the administrative body responsible for the registration of industrial property rights.

Similarly, Competent National Authority means the body designated for the purpose by the relevant domestic legislation.

#### **Transitional Provisions**

**First.** Any industrial property right validly granted under the legislation existing prior to the date of entry into force of this Decision shall subsist throughout the period for which it was granted. With respect to its use and enjoyment, and also obligations, licensing, renewals and prolongations, the provisions laid down in this Decision shall apply.

**Second.** This Decision shall be applicable in the Member Countries as from January 1, 1994.

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