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FTAA – NEGOTIATING GROUP ON INTELLECTUAL PROPERTY RIGHTS

DOCUMENT FROM THE CHAIR

**TEXT FOR THE CHAPTER ON INTELLECTUAL PROPERTY RIGHTS
TRADEMARKS, GEOGRAPHICAL INDICATIONS, LAYOUT DESIGNS OF INTEGRATED CIRCUITS
AND INDUSTRIAL DESIGNS^{1*}**

PART II. INTELLECTUAL PROPERTY RIGHTS

SECTION 1. TRADEMARKS

Article 1. Protectable Subject Matter

1.1. Any sign or any combination of signs, capable of distinguishing goods or services of one natural or legal person from those of other natural or legal persons, [compared to those of its same kind or class] shall be capable of constituting a trademark.

[1.2. Signs that are susceptible of graphic representation may be registered as trademarks.]

[1.2. Each Party may require, as a condition of registration, that signs be visually perceptible.]

[1.2. No Party may require that signs be visually perceptible to be eligible for registration.]

[1.3. Trademarks shall include [service marks,] [and] collective marks [and certification marks].]

[1.3. Each Party may provide for protection of collective and certification marks.]

[Article 2. Principles]

[2.1. Each Party shall adopt the principle of first to file and priority in registration shall be determined on the date and hour of the presentation of the application.]

Article 3. Prohibitions

3.1. Each Party may establish prohibitions on the registration of trademarks, provided that they are not inconsistent with regional or multilateral agreements on intellectual property to which it is a party.

[3.2. Each Party may refuse to register trademarks that consist of or comprise immoral matter, reproduce national symbols, or are deceptive to the public.]

Article 4. Exhaustion of Rights

^{1*} Brackets in Spanish only; this symbol will appear wherever multiple Spanish expressions are represented by a single expression in English.

[4.1. The registration of a trademark shall not entitle a right holder to prevent a third party from trading goods protected by such registration if the good has already been introduced in the market in any country by the right holder or by any other person with the authorization of the right holder or by someone economically related to him, in particular when the goods and the containers or packages have been in direct contact with them and have not been modified, altered, or deteriorated.

For purposes of this article, two persons are economically related where one person can exercise a decisive influence on the other, either directly or indirectly, with respect to the use of the rights on the trademark, or where a third party may exercise such an influence on both persons.]

[4.1. This Chapter shall not affect the authority of each Party to determine the conditions, if any, under which the exhaustion of rights related to products legitimately introduced in the market by, or with the authorization of the owner of the trademark shall apply.

However, if a Party recognizes the principle of domestic exhaustion or the principle of non-exhaustion, the right holder, based on his registration or grant, shall not prevent the circulation of patented goods or goods bearing a trademark, when legitimately introduced in the market under a compulsory license or any other safeguard.

Each Party undertakes to review their domestic legislation within a period not exceeding five years after the entry into force of this Agreement, in order to adopt, at a minimum, the principle of regional exhaustion in regard to all Parties.]

[4.1. Each Party agrees to apply the principle of regional exhaustion of rights, i.e., the holder of the intellectual property right may not prevent the free trade of legitimate products, once lawfully introduced into the market in any Party, whether by the right holder himself or by a licensee or third party authorized by the right holder, provided that the products and the containers or packaging that have been in direct contact with such products have not been modified or altered.

Each Party shall have two years from the entry into force of this Agreement to incorporate this principle in their national legislation.]

[Article 5. Rights Conferred]

[5.1. The owner of a registered trademark shall have the exclusive right to prevent all persons not having the owner's consent from using in the course of trade identical or similar signs [, including geographical indications,] for goods or services [that are identical or similar] [that are related] to those goods or services in respect of which the owner's trademark is registered, where such use would result in a likelihood of confusion.]

[In case of the use of an identical sign for [identical][identical or similar][related] goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of each Party making rights available on the basis of use.]

Article 6. Well-Known Marks

[6.1. Each Party shall protect well known marks pursuant to article 6 bis of the Paris Convention and article 16.2 and 16.3 of the TRIPS Agreement.]

[6.2. In applying article 6 bis of the Paris Convention, no Party shall require that the reputation of the trademark extend beyond the sector of the public that normally deals with the relevant goods or services.]

[6.3. In order to demonstrate that the mark is well-known, all evidence [allowed by the Party in which such claim is being pursued] may be used.]

[6.4. Article 6bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those [in respect of which a trademark is registered][identified by a well-known trademark, whether registered or not,] provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the trademark and provided that the interests of the owner of the trademark are likely to be damaged by such use.]

Article 7. Exceptions

[7.1. Each Party may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the trademark owner and of third parties.]

[7.1. Each Party may establish exceptions pursuant to article 17 of the TRIPS Agreement.]

Article 8. Term of Protection

8.1. Initial registration and each renewal of registration of a trademark shall be for a term of not less than ten years [from the date of filing of the application or the date of its registration according to the legislation of each Party]. The registration of a trademark shall be renewable indefinitely [as long as it complies with the conditions for renewal].

Article 9. Requirement of Use

[9.1. Each Party shall apply the provisions of Article 19 of the TRIPS Agreement.]

[9.1. Registration may be cancelled if, after five years of the date of registration, a trademark has not been effectively and genuinely used by the owner or by a third party with the express consent of the owner, within the territory of the Party that has granted the registration for specific goods or services; or if such use has been suspended for the same uninterrupted period of time. This may be claimed through the exercise of the relevant action, unless there are valid reasons for non-use of the trademark.]

[9.1. Use of a trademark shall be required by a Party to maintain registration of a trademark.]

[9.2. In procedures for cancellation* due to non-use, according to their national legislation, the burden of proof on actual use of the trademarks shall be on the holder of the mark.]

[Article 10. Other Requirements]

[10.1 Each Party shall apply article 20 of the TRIPS Agreement.]

Article 11. Licensing and Assignment

[11.1. Each Party may determine the conditions for the licensing and assignment of trademarks pursuant to article 21 of the TRIPS Agreement.]

[11.2. Licensing agreements shall be in writing and registered with the competent body of the Party and shall not include clauses that restrain trade. If a license is not registered it shall not have effect against third parties.]

[11.2. The competent authorities of each Party may implement mechanisms for the recording of trademark licenses.]

[11.2. No Party shall require recordal of trademark licenses to establish the validity of the license or to assert any rights in a trademark.]

[11.3. Licenses may be exclusive or non-exclusive use. If the license does not include an exclusivity clause, it shall be presumed that non-exclusive rights have been granted to the licensee.]

Article 12. Procedural Issues

12.1. Each Party shall ensure that procedures for applying for, processing, registering and maintaining the registration of trademarks are sufficiently clear and transparent, respecting principles of due process.

[12.2. Each Party shall provide a system for the registration of trademarks, which shall include:

- a) written [notice][explanation] to the applicant of the reasons for the refusal to register its trademark;
- b) a reasonable opportunity for the applicant to respond to the [notice][explanation];
- c) in the case of a final refusal to register, written [notice][explanation] to the applicant of the reasons for the final refusal; and
- d) for each decision rendered in an opposition or cancellation proceeding, a written explanation of the reasons for the decision.]

[12.3. Each Party shall work, to the maximum degree practical, to provide a system for the electronic application, processing, registration and maintenance of trademarks.]

[12.4. International Classification System

- a) Each registration or publication which concerns a trademark application or registration and which indicates goods or services shall indicate the goods or services by their names, grouped according to the classes of the Nice Classification.
- b) Goods or services may not be considered as being similar to each other on the ground that, in any registration or publication, they appear in the same class of the Nice Classification. Conversely, goods or services may not be considered as being dissimilar from each other on the ground that, in any registration or publication, they appear in different classes of the Nice Classification.]

[12.5. Each Party shall publish each trademark either before its registration or promptly after it is registered, and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, each Party [may][shall], afford an opportunity for the registration of a trademark to be opposed.]

[Article 13. Domain names on the Internet]

[13.1. Each Party shall participate in the Government Advisory Committee (GAC) of the Internet Corporation for Assigned Names and Numbers (ICANN) to promote appropriate country code Top Level Domain (ccTLD) administration and delegation practices and appropriate contractual relationships for the administration of the ccTLDs in the Hemisphere. Each Party shall have its domestic Network Information Centers (NICs) participate in the ICANN Uniform Dispute Resolution Procedure (UDRP) to address the problem of cyber-piracy of trademarks.]

[13.1. Each Party shall make efforts, to the extent possible, to promote an adequate administration of domain names.]

SECTION 2. GEOGRAPHICAL INDICATIONS

Article 1. Protection of Geographical Indications

[1.1. Each Party shall protect geographical indications [or appellations of origin] pursuant to its legislation and Section 3 Part II of the TRIPS Agreement [, at the request of the competent authorities or interested parties of the Party where the appellation of origin is protected].]

[1.2. Geographical indications [or appellations of origin] protected in a Party shall not be considered common or generic for distinguishing the good, while its protection in the country of origin subsists.]

[Article 2. Definition]

[2.1. [For the purposes of this chapter,] “Geographical indication” [or “appellation of origin”] shall be understood to be an indication [or appellation] of a particular country, region or locality, [or an indication [or appellation] that, without being that of a particular country, region or locality, refers to a specific geographical zone,] which serves to designate a product originating therein, the [qualities, reputation or other] characteristics of which are due exclusively or essentially to the geographical environment in which it is produced, including both natural and human factors.]

[2.1. Any sign, or any combination of signs, capable of identifying a good or service as originating in the territory of a Party, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good or service is essentially attributable to the geographical origin of the good or service, shall be capable of constituting a geographical indication.]

[Article 3. Protectable Subject Matter]

[3.1. The use of geographical indications [or appellations of origin] in relation to natural, agricultural, handicraft or industrial products from the Parties shall be exclusively reserved for the producers, manufacturers and craftsmen who have their production or manufacturing facilities in the locality or region of the Party identified or referred to by such indication [appellation]. [Only producers, manufacturers and craftsmen authorized to use a registered geographical indication [appellation of origin] are allowed to use with it the expression “Geographical Indication” [or “Appellation of Origin”].]

Article 4. [Right of Action][Ownership]

[4.1. Each Party may establish that the declaration of protection of a geographical indication [or appellation of origin] be made *ex-officio* or at the request of persons who can prove a legitimate interest, understood as a natural or juridical person directly engaged in the extraction, production or manufacture of the goods to be covered by the geographical indication [or appellation of origin] as well as producer associations. State, departmental, provincial or municipal authorities shall also be considered interested parties when the geographical indications [or appellations of origin] in question are located within their jurisdiction.]

Article 5. [Rights Conferred]

[5.1. No Party shall permit the importation, manufacture or sale of a product that uses a geographical indication [or appellation of origin] protected in another Party, unless it has been manufactured and certified therein, pursuant to its laws, regulations and other norms applicable to that product.]

[5.1. The owner of a geographical indication shall have the exclusive right to prevent all persons not having the owner's consent from using in trade identical or similar signs, including trademarks, for goods or services that are related to those in respect of which the owner's geographical indication is registered, where such use would result in

a likelihood of confusion. In case of the use of an identical sign for related goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Parties' making rights available on the basis of use.

Article 6*bis* of the Paris Convention shall apply, *mutatis mutandis*, to geographical indications. In determining whether a geographical indication is wellknown, each Party shall take account of the knowledge of the geographical indication in the relevant sector of the public, including knowledge in the Party concerned which has been obtained as a result of the promotion of the geographical indication.

No Party shall require that the reputation of the geographical indication extend beyond the sector of the public that normally deals with the relevant goods or services, or that the geographical indication be registered.]

Article 6. [Relation to Trademark Protection]

[6.1. Signs that reproduce, imitate or include a protected geographical indication for the same good, or for different goods, may not be registered as trademarks where such use might cause likelihood of confusion or of association with the indication.]

[Article 7. Transparency]

[7.1. If Parties provide for notification and/or recordal as a legal means to protect geographical indications:

- a) Each Party shall accept applications for such notification and/or recordal of geographical indications without the requirement for intercession by a Party on behalf of its nationals;
- b) Each Party shall ensure that geographical indications are published for opposition, as well as cancellation, and shall provide processes to effect opposition and cancellation of geographical indications that are the subject of such notification and/or recordal systems.]

[SECTION 5. LAYOUT-DESIGNS OF INTEGRATED CIRCUITS]

Article 1. [Layout Designs of Integrated Circuits]

[1.1. Each Party agrees that the protection conferred on layout-designs (topographies) of integrated circuits shall be that provided in Section 6 of the TRIPS Agreement.]

[SECTION 9. INDUSTRIAL DESIGNS*]

[Article 1. Requirements for Protection]

[1.1 Each Party shall provide for the protection of industrial designs* pursuant to Article 25.1 of the TRIPS Agreement.]

[Article 2. Prohibitions and Exceptions]

[2.1. Each Party may establish prohibitions and exceptions to registration provided that they are not inconsistent with obligations from regional or multilateral agreements on intellectual property to which it is a party..]

[Article 3. Duration of protection]

[3.1. The duration of protection available shall amount to at least ten years counted from the filing date.]

[3.2. Each Party shall endeavor to provide for in their laws at least a five year renewal.]

[Article 4. Rights conferred]

[4.1. Each Party shall apply article 26.1 of the TRIPS Agreement.]

[Article 5. Exhaustion of Rights]

[5.1. Registration of an industrial design shall not confer the right to act against a third party making commercial use of a product embodying or copying the design once it has been introduced into the commerce of any country by the right holder or any other person authorized or with economic ties to the right holder.

For purposes of the preceding paragraph, two persons shall be considered to have economic ties when one of the persons is able to exert a decisive influence over the other, either directly or indirectly, with respect to the exploitation of the industrial design, or when a third party is able to exert that influence over both persons.]

[5.1. This Chapter shall not affect the authority of each Party to determine the conditions under which the exhaustion of rights related to products legitimately introduced in the market by, or with the authorization of, the right holder shall apply.

However, each Party undertakes to review its domestic legislation within a period not exceeding five years after the entry into force of this Agreement, in order to adopt, at a minimum, the principle of regional exhaustion in regard to all Parties.]