

**Council for Trade-Related Aspects of
Intellectual Property Rights**

Original: Spanish

REVIEW OF LEGISLATION

Replies by Peru to Questions Posed by the United States

Addendum

By means of a communication from the Permanent Mission of Peru dated 8 November 2000, the Secretariat has received the following replies to questions posed by the United States and circulated in document IP/C/W/215.

Note: Decision 344 has been replaced by Decision 486 – Common Intellectual Property Regime – which will take effect on 1 December 2000. The replies have therefore been prepared based on the provisions of Decision 486.

A. GENERAL

1. Please describe, in relation to each form of intellectual property covered by the TRIPS Agreement, including plant variety protection, the manner in which Peru provided national treatment and most-favoured-nation treatment to nationals of other WTO Members.

Decision 486 – Common Intellectual Property Regime – covers the following forms of intellectual property:

- Patents;
- utility models;
- lay-out designs (topographies) of integrated circuits;
- industrial designs;
- trademarks;
- advertising slogans;
- collective trademarks;
- certification marks;
- trade names;
- labels or emblems;
- geographical indications.

With respect to the protection of intellectual property, Articles 1 and 2 of the aforementioned Decision establish the principles of national treatment and most-favoured-nation treatment respectively.

Concerning national treatment, Article 1 states that each Member country shall accord to the nationals of other members of the Andean Community, the World Trade Organization and the Paris Convention for the Protection of Industrial Property treatment no less favourable than it accords to its own nationals.

As regards the principle of most-favoured-nation treatment, Article 2 of Decision 486 stipulates that any advantage, favour, privilege or immunity granted by a Member country to the nationals of any other Andean Community member country shall be accorded to the nationals of all other Members of the World Trade Organization or of the Paris Convention for the Protection of Industrial Property.

Besides, Article 2 of Decision 351 – Common Provisions on Copyright and Neighbouring Rights – states that each Member country shall grant the nationals of other countries protection no less favourable than it accorded to its own nationals in matters of copyright and neighbouring rights.

The WTO Agreement on Trade-Related Aspects of Intellectual Property (TRIPS) was incorporated into Peru's domestic legislation in 1995 as part of its ratification of the Uruguay Round Agreements, which means that the principles of national treatment and most-favoured-nation treatment enshrined in those Agreements now form part of our legislation and are therefore applicable to Decision 345 – Common Provisions on the Protection of the Rights of Breeders of New Plant Varieties.

Without prejudice to the foregoing, it should be noted that the national treatment and most-favoured-nation treatment accorded by Peru to the nationals of other WTO Members arises in any case from the absence of discrimination between nationals and foreigners (national treatment) and between foreigners from different Members (most-favoured-nation treatment) in the laws in force in the country, apart from the exceptions expressly allowed under the TRIPS Agreement. The absence of discrimination in the intellectual property law means that nationals and foreigners have access to the same principles, procedures, and authorities in all matters pertaining to the recognition of their rights.

B. COPYRIGHT AND NEIGHBOURING RIGHTS

2. Please explain how Peru's copyright law protects computer programs as literary works and compilations of data as required by Article 10 of the TRIPS Agreement and cite the relevant provisions.

Article 23 of Decision 351 – Common Provisions on Copyright and Neighbouring Rights – stipulates that computer programs are protected on the same terms as literary works. That protection extends not only to operating programs but also to application programs in the form of either source codes or object codes.

Similarly, Legislative Decree 822– Copyright Law – protects computer programs as literary works, as required by the TRIPS Agreement.

Indeed, Article 69 of Legislative Decree 822 provides that computer programs shall be protected on the same terms as literary works. That protection extends to every form of expression thereof, including both operating and application programs, in the form of either source codes or object codes. The protection provided for in the law extends to any of the successive versions of the program, and also to derived programs.

As regards compilations of data, Article 28 of Decision 351 states that databases shall be protected insofar as the selection or arrangement of the contents constitute an intellectual creation. Likewise, Article 78 of Legislative Decree No. 822 states that databases or compilations of data or

other material that are machine-readable or accessible in another form shall be protected provided that they constitute intellectual creations in terms of the selection or arrangement of their subject-matter. That protection does not extend to the actual data, information or material compiled, but it does not affect any rights that may subsist in the works or constituent subject-matter.

3. Article 11 of the TRIPS Agreement requires that rental rights be provided for computer programs and cinematographic works in most instances and Article 14 requires that rental rights be provided to the producers of phonograms. Please describe the manner in which rental rights are provided to right holders in these works and phonograms and cite the relevant provisions of Peru's copyright law.

Article 13(c) of Decision 351 states that the author, or his successors in title where applicable, shall have the exclusive right to carry out, authorize or prohibit:

"The distribution of copies of the work to the public by means of sale, lending or hiring".

With specific reference to producers of phonograms, Article 37(c) of Decision 351 stipulates that the producers of phonograms shall have the right to authorize or prohibit the public distribution of the original and every copy thereof to the public by sale, rental or any other means.

Article 136(b) of Legislative Decree No. 822 provides that producers of phonograms shall have the exclusive right to carry out, authorize or prohibit distribution, rental or lending of copies of their phonograms to the public or any other transfer of possession thereof, for consideration.

With specific reference to computer programs, Article 72 of Legislative Decree 822 provides that the right of rental or lending shall not apply to computer programs when the program concerned is incorporated in a machine or product and cannot be reproduced or copied in the course of normal use of the said machine or product, or alternatively where the rental or lending does not relate essentially to the computer program itself.

C. TRADEMARKS

4. Please explain how Peru's trademark law provides for a presumption of the likelihood of confusion, as required by Article 16.1 of the TRIPS Agreement, where an identical mark for identical goods and services is used without authorization on identical goods or services, and cite the relevant provisions.

Article 155(d) of Decision 486 stipulates that the owner of a registered trademark shall have the right to prevent all third parties from using, in the course of trade, identical or similar signs to a trademark for goods or services, where such use would result in a likelihood of confusion or mistaken association with the registration owner and that in the case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.

5. Please explain whether and how Peru's trademark and other laws ensure protection of well-known trademarks and service marks, citing the relevant provisions of law.

Decision 486 contains an entire title (Title XIII, Articles 224 to 237) on the protection of well-known distinctive signs. The protection of well-known trademarks (products or services) is covered under this Title. Specifically, Article 226 of Decision 486 stipulates that the use of all or part of a well-known distinctive sign or the reproduction, imitation, translation or transliteration thereof, that may create confusion in respect of identical or similar businesses, activities, products or services to those to which it is applied, shall constitute unauthorized use of that distinctive sign.

Also constituting unauthorized use of a well-known distinctive sign is the use of all or of an essential part of that sign, or the reproduction, imitation, translation, or transliteration thereof, even if in respect of businesses, activities, goods, or services other than those to which that well-known distinctive sign is applied, or its use for non-commercial purposes, where such use could be liable to produce any of the following effects:

- (a) The risk of confusion or of association with the owner of a sign, or with the businesses, activities, goods, or services belonging to that owner;
- (b) unjust economic or commercial injury to the owner of the sign by reason of the weakening of the distinctive force or commercial or advertising value of that sign; or
- (c) unfair exploitation of the sign's prestige or fame.

Use of a distinctive sign may be verified by any means of communication, including electronic media.

Similarly, under Article 233, the competent national authority shall, at the request of the owner or lawful right holder in respect of a well-known distinctive sign, where the said sign has been unlawfully registered by an unauthorized third party in a Member country as part of a domain name or electronic mailing address, order the cancellation or amendment of that registration of domain or electronic mailing address.

The owner of a well-known distinctive sign is authorized to prohibit its use by third parties and may bring such action and take such measures as may be appropriate before the competent national authority.

The right to action against unauthorized use of a well-known distinctive sign shall lapse after five years counted from the date on which the owner became aware of that use, except where such use was started in bad faith, in which case that right to action shall not lapse. Such action shall not affect any action for damages that may be brought pursuant to domestic law.

It should be added that Article 136(h) of Decision 486 concerning the requirements for the registration of trademarks provides that those signs, the use of which in commerce may constitute an impediment to the rights of third parties, may not be registered as trademarks, in particular, where they consist of a total or partial reproduction, imitation, translation, transliteration or transcription of a well-known sign belonging to a third party without regard to the type of product or service to which it shall be applied, the use of which would lead to a likelihood of confusion or mistaken association with that party or with that party's products or services, taking unfair advantage of the prestige of the sign, or weakening its distinctive force or its use for commercial or advertising purposes.

Finally, the second paragraph of Article 172 of Decision 486 provides that the competent national authority shall, either ex officio or at the request of a party, declare the relative invalidation of a trademark registration where granted in contravention of the provisions of Article 136(h). This action will lapse five years following the grant date of the contested registration.

D. GEOGRAPHICAL INDICATIONS

6. Please describe in detail how and under what laws geographical indications are protected in Peru and cite the relevant provisions of law.

Title XII of Decision 486 deals with geographical indications and recognizes two categories: appellations of origin and indications of origin.

Under Article 201 of that Decision, an appellation of origin shall be understood to be a geographical indication 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 identify a product originating therein, the qualities, reputation, or characteristics of which are exclusively or essentially attributable to the geographical environment in which it is produced, including both natural and human factors. This definition is consistent with that given in Article 22 of the TRIPS Agreement.

Pursuant to Article 206 of Decision 486, the declaration of protection of an appellation of origin shall be made ex officio or at the request of the persons who are able to prove a legitimate interest and the validity of the declaration of protection of an appellation of origin shall be subject to the continuing existence of the conditions on which it was based. With regard to authorization to use a protected appellation of origin, it is for a term of ten years and may be renewed for successive ten-year periods pursuant to Article 210.

The competent national offices shall, where the petition is made by producers, extractors, manufacturers or craftsmen with a legitimate interest in the matter or the respective public authorities, recognize appellations of origin recognized and protected in another Member country.

Appellations of origin, in order to be eligible for such protection, must have been declared as such in their countries of origin.

It should be pointed out that according to Article 214 of Decision 486, the use by unauthorized persons of appellations of origin, including cases where such use is accompanied by indications of kind, type, imitation and other similar indications, in such a manner as is likely to cause confusion among consumers shall be deemed to be a punishable infringement of that intellectual property right and as such, sanctionable by punishment. Article 215 of the aforementioned Decision likewise establishes that Member countries shall prevent the use of a geographical indication identifying wines or spirits for goods of this kind not originating in a place indicated by the appellation of origin in question, even where the true origin of the goods is indicated or the appellation of origin is used in translation or accompanied by expressions such as "kind", "type", "style", "imitation" or the like.

Furthermore, Article 221 defines an indication of origin as a name, expression, image or sign that indicates or evokes a particular country, region, locality or place. An indication of origin may not be used in the course of trade for a good or service where that indication is false or misleading or where its use is likely to cause confusion in the public as to the origin, source, quality or any other characteristic of the good or service in question.

The use of a false or deceptive indication of origin may incur an action for unfair competition based on Articles 258 and 259(c) of Decision 486, and on Articles 6, 7 and 10 of the Law on the Repression of Unfair Competition (Decree Law 26122). Article 10 of that Law classifies the use of expressions that could prove misleading as to the geographical origin of a product as an act of unfair competition. Among other things, it is considered unfair competition to use false indications of origin and false appellations of origin in trade.

7. Does the law of Peru regarding geographical indications provide for any of the exceptions to protection of geographical indications contained in Article 24 of the TRIPS Agreement, and, if so, please describe the way in which the exception is applied and cite the relevant provisions of law.

The second paragraph of Article 215 of Decision 486 reproduces the exception envisaged in Article 24.4 of the TRIPS Agreement. Article 202(b) of Decision 486 reproduces the exception envisaged in Article 24.6, first sentence, of the TRIPS Agreement. Article 223 of Decision 486

reproduces the exception envisaged under Article 24.8 of the TRIPS Agreement. Article 219 of Decision 486 incorporates the exception contemplated in Article 24.9 of the TRIPS Agreement.

E. INDUSTRIAL DESIGNS

8. Please describe in detail the way in which industrial designs, including textile designs, are protected under Peru's laws and cite the relevant provisions of law.

Article 129 of Decision 486 states that the registration of an industrial design, including textile designs, shall confer on the owner thereof the right to prevent third parties from making use of the design concerned. By virtue of that prohibition, the owner of the registration shall be entitled to proceed against any third party who, without the consent of the right holder, manufactures, imports, offers for sale, markets, or makes commercial use of products that incorporate or reproduce the industrial design.

Registration shall likewise confer the right to proceed against any person who produces or markets an article whose design shows only minor differences with respect to the protected design or whose appearance is the same as that of the protected design.

Finally, Article 128 of Decision 486 stipulates that registration of an industrial design shall be for a term of ten years, counted from the filing of the application in the Member country. That time-frame is also prescribed in Article 109 of Legislative Decree 823 – Industrial Property Law.

F. PATENTS

9. Please explain whether or not inventions within the categories specified below are eligible to be patented under Peruvian law if they are otherwise novel, involve an inventive step and are industrially applicable:

- (a) **Process inventions which, in whole or in part, consist of steps that are performed by a computer and are directed by a computer program;**

Yes, it is possible to patent a process which, in whole or in part, consists of steps that are performed by a computer and are directed by a computer program. Such a process can be considered as an invention and be patented if it fulfils the requirements for patentability.

- (b) **product inventions consisting of elements of a computer-implemented invention including:**

- (i) **Machine-readable computer program code stored on a tangible medium such as a floppy disk, computer hard drive or computer memory; or**

Pursuant to the Article 15(e) of Decision 486, computer programs and software, as such, are not considered inventions and are therefore not patentable. Computer programs as such are protected on the same terms as literary works pursuant to Article 10 of the TRIPS, Article 23 of Decision 351 and Article 69 of Legislative Decree No. 822.

- (ii) **a general purpose computer whose novelty over the prior art arises primarily due to its combination with a specific computer program.**

It would be patentable if, as a result of the programming of the computer, it operated in a different and non-obvious way, or its technical operation were changed. Pursuant

to Article 15(e) of Decision 486, computer programs as such are not considered inventions and are therefore not patentable. A computer program cannot fall outside the ambit of this provision merely because it is contained in a computer.

(c) process inventions that facilitate the conduct of business;

These are not patentable in the light of Article 15(d) of Decision 486, which stipulates that plans, rules, and methods for the pursuit of economic and business activities are not considered inventions. They are not considered as such as they are not technical in nature.

(d) micro-organisms of all kinds.

Pursuant to the Second Transitional Provision of Decision 486, micro-organisms shall be patentable until other measures are adopted as a result of the examination provided for in TRIPS Article 27.3(b).

10. Animal species and varieties are expressly excluded under Article 7(c) of Decision 344. Plant varieties are not excluded, nor are micro-organisms mentioned in Decision 344. Please indicate whether the inventor of a micro-organism that is new, involves an inventive step and is industrially applicable may receive a patent for that micro-organism in Peru.

Article 20(c) of Decision 486 stipulates that plants, animals and essentially biological processes for the production of plants or animals other than non-biological or micro-biological processes shall not be patentable.

Under the Second Transitional Provision of Decision 486, micro-organisms shall be patentable until other measures are adopted as a result of the examination provided for in TRIPS Article 27.3(b).

11. Article 7(a) and (b) of Decision 344 excludes from patentable subject-matter "inventions that violate public policy, morals or proper customs" and "inventions that are obviously contrary to the health or life of persons ...". Article 27.2 of the TRIPS Agreement authorizes exclusion from patentability on the basis of *ordre public* only if it is necessary to prohibit the commercialization of the invention, but not merely because exploitation is prohibited by law. Please describe in detail how Peru implements Articles 7(a) and (b) of Decision 344, including what criteria are used to determine what is "necessary".

Article 20(a) and (b) of Decision 486 classifies as not patentable inventions whose commercial exploitation within the territory of the respective Member country must be prevented in order to protect public order or morality or to protect human or animal life or health or to avoid serious prejudice to plant life and the environment. However, those same provisions explain that the commercial exploitation shall not be deemed contrary to public order or morality, or contrary to human or animal life or health or to the preservation of plant life or the environment merely because the exploitation is prohibited or regulated by a legal or administrative provision.

To date, the Office for Inventions and New Technologies of INDECOPI (National Institute for the Defence of Competition and Intellectual Property Protection) has neither rejected nor turned down an application for the reasons envisaged in Decision 344 (which are reproduced in Article 20 of Decision 486).

12. Article 7(e) of Decision 344 appears to exclude as patentable subject-matter "inventions related to pharmaceutical products shown on the list of essential drugs of the World Health Organization". Please explain how Peru has implemented this provision in a manner consistent with the prohibition in Article 27 of the TRIPS Agreement against discrimination based upon the area of technology.

Decision 486 does not contain the exclusion referred to in this question.

13. Article 16 of Decision 344 provided that previously patented products may not be the subject of a new patent simply because of a use different from that described in the original patent. Please indicate whether a new use of an existing product may be patented in Peru if the new use is novel, involves an inventive step and is industrially applicable.

Article 21 of Decision 486 (which corresponds to Article 16 of the earlier Decision 344) stipulates that a product or process already patented and included in the state of the art may not be the subject of new patents on the sole ground of having been put to a use different from that originally contemplated by the initial patent. This provision makes clear that an invention (product or process) may not be newly patented unless it complies with the requirement of novelty under patent law. This principle cannot be circumvented on the ground that the product or process in question is being put to a new use.

14. The translation of Article 35 of Decision 344 states that patent owners have the right to prevent others from "working" the patented invention without authorization. Please explain what acts, enumerated in Article 28 of the TRIPS Agreement, can serve as the basis for an action of infringement in Peru by the patent holders.

Article 52 of Decision 486 stipulates that a patent shall confer on its owner the right to prevent third parties not having the owner's consent from the following acts:

- (a) Where the subject-matter of a patent is a product:
 - (i) Making the product;
 - (ii) offering for sale, selling, or using the product, or importing it for these purposes.
- (b) where the subject-matter of a patent is a process:
 - (i) Using the process, or
 - (ii) carrying out any of the acts that are specified under paragraph (a) above with respect to a product obtained directly by that process.

These acts are those indicated in Article 28 of the TRIPS Agreement and may constitute the grounds on which the owner of a patent may bring an action for infringement before the competent national authority against any person infringing his right or against any person engaging in acts that indicate the imminence of an infringement, within the meaning of Article 238 of Decision 486.

15. Please describe in detail any limited exceptions to patent rights that exist under Peru's laws and indicate what safeguards are used to ensure that such limited exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking into account the legitimate interests of third parties.

The limited exceptions to patent rights are set forth in Articles 53 to 55 of Decision 486.

Article 53 of Decision 486 provides that a patent owner may not prevent third parties not having the owner's consent from engaging in the following acts in relation to a patent:

- (a) Acts carried out in a private circle and for non-commercial purposes;
- (b) acts carried out exclusively to experiment with the subject-matter of the patented invention;
- (c) acts carried out exclusively for the purposes of teaching or scientific or academic research;
- (d) the acts referred to in Article 5 *ter* of the Paris Convention for the Protection of Industrial Property;
- (e) where the patent protects biological material that is capable of being reproduced, except for plants, using that material as a basis for obtaining a viable new material, except where the patented material must be used repeatedly to obtain the new material.

Article 54 of Decision 486 provides that a patent owner may not prevent third parties from making commercial use of a product protected by a patent once that product has been introduced into the commerce of any country by the owner or another person authorized by him or with economic ties to the patent owner.

In keeping with Article 55 of Decision 486, the rights conferred by a patent may not be asserted against a third party who, in good faith and before the priority date or the filing date of the application on which the patent was granted, was already using or exploiting the invention, or had already made effective and serious preparations for such use or exploitation. In such a case, said third party shall have the right to start or continue using or exploiting the invention, though that right may only be assigned or transferred together with the business or company in which that use or exploitation is taking place.

These limited exceptions to the exclusive rights conferred by a patent are consistent with Article 30 of the TRIPS Agreement, as they do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner. They also take account of the legitimate interests of third parties.

16. Please describe how Peru has implemented Article 14 of Decision 344 (which states that, if a right of priority is claimed, a patent application must be accompanied by a copy of the first patent application filed) to ensure that the applicant has up to three months to file the certified copy as provided for in Article 4(D)(3) of the Paris Convention incorporated by Article 2.1 of the TRIPS Agreement.

Article 9 of Decision 486 states that the application claiming priority must be filed within 12 months counted from the filing date of the application whose priority is claimed. Article 10 of Decision 486 stipulates that a copy of the application whose priority is claimed, certified by the issuing authority, must be submitted within 16 months counted as from the filing date of the application whose priority is claimed.

This means that if the applicant for the right of priority over a patent files the application on the last day (i.e. at the end of the 12 months from the filing date of the application whose priority is claimed), he will have a minimum period of 4 months in which to submit the certified copy, which

means that he has a longer time-frame than that provided for in Article 4(D)(3) of the Paris Convention.

17. Article 37 of Decision 344 appears to require that each patented invention must be "worked" in a member country of the Andean Community. Please describe the manner in which the Government of Peru implements this provision to ensure that its obligations under Article 4 and Article 27.1 of the TRIPS Agreement are fulfilled.

Article 59 of Decision 486 (which corresponds to Article 37 of Decision 344) stipulates that the owner of a patent shall be under the obligation to exploit the patented inventions in any Member country, either directly or through a person authorized by him. In accordance with Article 60, exploitation shall be understood to mean the industrial manufacture of the patented product or the full use of the patented process, including the distribution and marketing of the results thereof on a scale sufficient to satisfy the demands of the market. Exploitation is also understood to mean the importation of the patented product, including its distribution and marketing, where this is done on a scale sufficient to satisfy the demands of the market.

The obligation to exploit a patent in any member country of the Andean Community does not contravene the principle of most-favoured-nation treatment envisaged in Article 4 of the TRIPS Agreement, as the provisions of Articles 59 and 60 apply equally to any owner of a patent, without discrimination based on their origin in one or other Member of the WTO. Accordingly, regardless of the nationality, domicile or place of establishment of the person owning the patent in Peru, that person may avail himself of the possibility to exploit the invention in another member country of the Andean Community, and not necessarily in Peru. Therefore, exploitation in any of the other member countries of the Andean Community shall be considered as exploitation within Peru for the purposes of the law. Since that advantage can be exploited by any person owning a patent in Peru, independently of nationality, domicile or place of establishment, the most-favoured-nation rule is not being infringed.

Paragraph 1 of Article 27 of the TRIPS is not being infringed as there is no discrimination based on whether the products are imported or produced in the country. As indicated above, importation or industrial production are deemed to be equivalent, and the requirement of exploitation may be complied with by any of the two means or by a combination of both.

18. Articles 42 through 45 of Decision 344 authorize compulsory licences to remedy insufficient working, national emergency and national security interests. Article 46 authorizes compulsory licences for anti-competitive behaviour and Article 48 provides for compulsory licences to permit use of a dependent patent. Please describe in detail the manner in which Peru ensures that each of the conditions established for compulsory licences is met in connection with each form of compulsory licence.

In order to ensure that the conditions established for compulsory licences relate to each form of compulsory licence, Article 68 of Decision 486 provides that, in addition to the conditions stipulated for each form of compulsory licence, all compulsory licences shall be subject to the following:

- In order to be legally binding, they shall be non-assignable, except with the part of the business or goodwill which permits its industrial use. This shall be evidenced in writing and registered with the competent national office.
- They shall be liable, subject to adequate protection of the legitimate interests of the persons so authorized, to be terminated if and when the circumstances which led to them cease to exist and are unlikely to recur.

- Their scope and duration shall be limited to the purposes for which they were authorized.
- They provide for payment of adequate remuneration according to the circumstances of each case, taking into account the economic value.
- They shall be used predominantly for the supply of the domestic market.

19. Please indicate how many compulsory licences have been granted in each of the last five years.

Peru has granted no compulsory licences in the last five years.

G. LAY-OUT DESIGNS OF INTEGRATED CIRCUITS

20. Please describe in detail how Peru implements the obligations of Section 6, Part II of the TRIPS Agreement and cite to the relevant provisions of law.

Decision 486 incorporates the treatment of the lay-out designs of integrated circuits into Andean and Peruvian legislation. Title IV (Articles 86-112) of Decision 486 covers the following areas regarding the lay-out designs of integrated circuits: definitions of an integrated circuit and a lay-out design, requirements for protection, holders of the right to register a lay-out design of an integrated circuit, the procedure for registration, the rights conferred by registration, the licensing system and the invalidation of the registration.

H. PROTECTION OF UNDISCLOSED INFORMATION

21. The last paragraph of Article 72 of Decision 344 defines "industrial secrets" as including only the nature of products, methods of production, or means of distribution. Please describe in detail how this definition encompasses all of the undisclosed information as defined in Article 39.2 of the TRIPS Agreement.

Decision 486 does not contain the provision mentioned in the question. Article 260 of Decision 486, on industrial secrets, reproduces the content of the provisions of Article 39.2 of the TRIPS Agreement, namely that:

"An industrial secret shall be considered to be any undisclosed information within the lawful control of an individual person or legal entity that may be used for any productive, industrial or commercial activity and that is capable of being transmitted to a third party, so long as that information:

- (a) Is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- (b) has commercial value because it is secret; and
- (c) has been the subject of reasonable steps by the person lawfully in control of the information, to keep it secret."

22. Please describe in detail the measures that can be taken by judicial authorities in Peru to protect the confidentiality of undisclosed information furnished by a party to the court during legal proceedings, as required by Article 42 of the TRIPS Agreement, when the information has been provided either to enforce rights in such information, or for other purposes.

In accordance with the constitutional principle of the right of defence, all evidence and information in proceedings must be made available to the other party and may be contested using any of the means allowed. Proceedings are public, therefore, the information furnished during the proceedings is not confidential, except as regards the privacy and honour of persons, which applies in general both during and outside the proceedings.

Article 184.6 of the Single Harmonized Text of the Organic Law on the Judiciary states that the courts must maintain absolute confidentiality regarding the cases that come before them.

Nevertheless, pursuant to Article 6 of Legislative Decree No. 807 – Law on the Functions, Regulations and Organization of INDECOPI – information on industrial or trade secrets given to INDECOPI must be declared restricted information. In such cases, all necessary measures are taken to ensure that the information remains restricted and confidential, on pain of liability.

If administrative litigation proceedings are brought against an INDECOPI decision before the judicial authorities, INDECOPI (as co-defendant) maintains the restrictions on confidential information and does not furnish it to the judges. If the judges request INDECOPI to provide this information, it must do so. Thereafter, the civil judges assume direct liability for the restriction and confidentiality of the information.

23. In light of the exception provided in the second paragraph of Article 79 of Decision 344, please explain in detail how Peru protects against unfair commercial use test and other data submitted to obtain marketing approval for pharmaceuticals and agricultural chemicals and cite to the relevant provisions of law.

Article 266 of Decision 486 (which corresponds to paragraph 3 of Article 39 of the TRIPS Agreement), on industrial secrets, provides that Member Countries, when requiring, as a condition for approving the marketing of pharmaceutical or of agricultural chemical products which utilize new chemical entities, the submission of undisclosed test or other data, the origination of which involves a considerable effort, shall protect such data against unfair commercial use.

The authorities which authorize the marketing of pharmaceutical and agro-chemical products are non-profit-making public sector, entities whose functions are clearly spelled out in the law. In this respect, use of such data by these authorities within their institutions and in fulfilment of their statutory legal function to authorize the marketing of such products does not constitute commercial use or unfair use. Such utilization is non-commercial State use and, by definition, is thus lawful use because it is required by the laws governing the terms of reference and functioning of these authorities.

24. Please explain in detail how Peru protects against disclosure test and other data submitted to obtain marketing approval for pharmaceutical and agricultural chemical products and cite to the relevant provisions of law.

In accordance with Article 266 of Decision 486, (which corresponds to Article 39.3 of the TRIPS Agreement), any data and information submitted to the competent authorities are protected against disclosure. Use of data and information by the aforementioned authorities within their institutions and in fulfilment of their legal function, irrespective of the origin of the data and information, does not imply disclosure of such data and information, to the extent that it does not allow third parties access to the data and information, except in the special cases mentioned in Article 266 of Decision 486.

In addition, the Directorate of Environmental Health (DIGESA) grants sanitary licences for agro-chemical products for public health use. In particular, in order to achieve transparency in

carrying out administrative procedures, the documents, background material, studies, orders, opinions, statistical data and any other information that the public sector entities have in their power must be made available to the private individuals that so request, except for documents and information that may affect national security and foreign relations, and information concerning private individuals which is restricted in accordance with the legal regulations in force or which refers to commercial or technological secrets. This is governed by the Framework Law for the Promotion of Private Investment, approved by Legislative Decree No. 757.

I. ENFORCEMENT

25. Please describe in detail what civil actions and what civil remedies are available under Peru's laws to right holders of each kind of intellectual property covered by Part II of the TRIPS Agreement, including plant variety protection, that permit effective action against any act of infringement to prevent infringement and deter further infringement, and cite to the provisions of law providing for those remedies.

Decision 486 establishes the following actions for the protection of industrial property rights:

Right of action for revindication

Article 237 of Decision 486 provides that where patents or registration of industrial designs have been applied for or obtained by persons with no right to those patents or registrations, or in detriment of other parties also possessing that right, the parties affected may claim those rights from the competent national authority and request the transfer to them of the applications being processed or the right grants, or their recognition as co-applicants or co-owners of those rights.

Similarly, where trademark registrations have been filed for or obtained to the detriment of other parties with the same rights, the parties affected may make claims to such rights with the competent national authority by requesting their recognition as co-applicants or co-owners of the rights in question.

Actions for infringement of rights

Article 238 of Decision 486 provides that owners of a right protected by virtue of this Decision may bring action with the competent national authority against any persons infringing upon their right or performing acts that are extremely likely to result in the infringement of that right.

Actions for compensation for damages

Decision 486 provides in Article 239 that the owner of a patent may take legal action for damages resulting from unauthorized use of the invention or utility model between the period when it became public knowledge and the respective application was opened to consultation and the patent grant date.

Similarly, in line with Peru's reply to question 5 of the Checklist of Issues on Enforcement, after the administrative channels have been exhausted, the holder of an intellectual property right is entitled to bring actions for revindication or for compensation through the civil courts.

A claimant may turn to civil proceedings under which the judicial authority determines the compensation for damages caused by the infringement of intellectual property rights, duly established at the administrative level, so as to obtain compensation for the losses suffered and the loss of profits caused by the infringement. The payment of court costs and litigation expenses may also be ordered. Pursuant to Article 246 of Legislative Decree No. 823 – Industrial Property Law – the amount of unrealized profits is determined taking into account *inter alia* the following criteria:

1. The profits that the owner would have realized through use or exploitation of the right had the violation not occurred;
2. the profits actually realized by the infringer as a result of the violation;
3. the price that the infringer would have had to pay the owner for the grant of the licence that would have enabled him to engage in rightful use.

In cases of administrative litigation (Article 540 of the Code of Civil Procedure), the civil courts may overturn decisions taken at the administrative level.

26. Please state whether decisions on the merit in court proceedings are provided in writing and if those written opinions are available to the public so that people can become familiar with the law.

Only the parties and interested third parties may have access to the intellectual property decisions handed down by the civil courts. As far as administrative proceedings are concerned, the records are public and any person concerned may have access to them at any stage of the proceedings, unless the material under discussion has been declared to be restricted.

Administrative decisions are given in writing and are available to any interested person, whether or not a party to the proceedings. It is also possible, if so desired, to request copies of such decisions. Those decisions that establish a precedent of compulsory enforcement are published in the Official Journal "El Peruano".

27. Please describe what civil provisional measures are available to right holders under Peru's laws, describe the procedures that must be followed and cite the relevant provisions of law.

As indicated in Peru's reply to question 10 of the Checklist of Issues on Enforcement, Article 608 of the Code of Civil Procedure provides that a judge may, at the request of a party, order precautionary measures (provisional measures), such as sequestrations, seizure, temporary measures on the merits and to take or not to take a certain course of action, before proceedings are initiated or in the course of proceedings, in order to ensure compliance with the final ruling. The measures requested may include immediate cessation of the acts constituting the alleged infringement; withdrawal from commercial channels of all products resulting from the alleged infringement, including packaging, wrappings, labels, and printed material or advertising; immediate suspension of the importation or exportation of the allegedly infringing goods or materials; the provision by the alleged infringer of an adequate guarantee, and temporary closure of the business belonging to the defendant.

Decision 486 (Articles 245 to 249) also provides that any party initiating or who shall initiate an action for infringement may request provisional measures from the competent national authority.

Likewise, Article 198 of Legislative Decree No. 822 – Copyright Law – states that, at the request of the owner of the rights concerned, his representative or the corresponding management society, a judge may order the immediate institution of the necessary precautionary measures to avoid the perpetration of the infringement or the continuation or repetition of a violation already committed, including seizure of the income realized through the unlawful activity, or, where appropriate, of the amounts owed in remuneration; immediate suspension of the unlawful manufacture, reproduction, distribution, communication or importation, as the case may be; sequestration of the copies produced or used and of the material or equipment used for the infringing activity.

In addition, an unforeseen precautionary measure that satisfactorily ensures compliance with the final decision may also be requested and granted.

In accordance with the provisions of Article 27 of Legislative Decree No. 807 and Article 240 of Legislative Decree No. 823 – Industrial Property Law – precautionary measures may also be requested in administrative proceedings for infringement of industrial property rights, at any stage of the procedure, up to the time when the corresponding ruling is delivered. Article 27 of Legislative Decree No. 807 provides for the following precautionary measures:

- (a) The cessation of the acts that are the subject of the complaint;
- (b) the seizure, deposit or arrestment of the products, labels, packaging and advertising material that are the subject of the complaint;
- (c) preventive cessation of advertising that is the subject of the complaint;
- (d) the adoption of the necessary measures to allow the customs authorities to prevent the entry into Peru of the products concerned;
- (e) temporary closure of the establishment of the person that is the subject of the complaint;
- (f) any other measure to prevent any prejudice arising from the alleged act or to end it.

28. Please state whether judicial authorities have authority to adopt provisional measures *inaudita altera parte*, as required under Article 50.2 of the TRIPS Agreement and under what circumstances that authority will be invoked.

The adoption of measures *inaudita altera parte* is one of the forms allowed for the adoption of precautionary measures (provisional measures) and the purpose is to ensure compliance with the final ruling. According to Article 611 of the Code of Civil Procedure, if a judge considers, in the light of the explanations and the evidence furnished, that the right claimed is justified and that a preventive decision is necessary because any delay in the proceedings would be dangerous or for any other justifiable reason, he may order a precautionary measure in the form requested or as he deems appropriate taking into account the nature of the principal claim.

Articles 245 and 248 of Decision 486 also allow for the adoption of provisional measures *inaudita altera parte*. They provide that provisional measures may be requested before starting the main action on the infringement, together with it, or after it has been initiated, for the purpose of preventing an infringement from occurring, avoiding its consequences, obtaining or preserving evidence, or ensuring the effectiveness of the action or compensation for damages.

Where a provisional measure has been adopted *inaudita altera parte*, the party affected shall be given notice without delay after the execution of the measures. The defendant may request the competent national authority to conduct a review of the executed measure.

29. Please describe in detail the procedures under Peru's laws, at least with respect to counterfeit trademarked goods and pirated copyrighted goods, that allow right holders to request customs authorities not to release goods into free circulation and cite to the relevant provisions of law. Please indicate if the customs authorities have ex officio authority to take such action.

Pursuant to Article 240 of Legislative Decree No. 823, without prejudice to any civil and criminal actions that may be available, an owner of industrial property rights may institute

infringement proceedings before INDECOPI against any person who infringes those rights. Infringement proceedings may also be instituted where there is an immediate risk of the rights of that owner being violated. Likewise, in accordance with Article 27 of Legislative Decree No. 807, it is possible to request as a precautionary measure the suspension of the customs clearance of goods infringing an intellectual property right. After the measure has been requested, INDECOPI sends an official communication to the customs authorities requesting the suspension of the customs clearance of the infringing products.

Articles 250 to 256 of Decision 486 also regulate the border measures that may be taken to suspend the import of counterfeit trademark goods.

The Customs Taxation Department of the customs authority halts containers with allegedly infringing products at the customs posts before clearance. INDECOPI is informed accordingly and its participation is sought in order to determine whether they are in fact infringing products.

INDECOPI has signed an information exchange agreement with the customs authorities and this is used in order to obtain information on goods which arrive in ports and which might breach copyright legislation.

The Copyright Office of INDECOPI has often taken action, either ex officio or at the request of a party, inside customs terminals and has confiscated illegal copies.

The customs authorities, in accordance with their procedures and manuals, may only halt those containers on which they have information that they might contain infringing goods, in which case they inform INDECOPI so that it may proceed in accordance with its powers.

30. Please indicate whether border enforcement is available with regard to other forms of intellectual property rights and cite to the relevant provisions of law.

Chapter III of Title XV "On actions for infringement of rights" of Decision 486 (Articles 250 to 256) deals with border measures, expressly providing that the owner of a registered trademark who has valid grounds for suspecting that the importation or exportation of counterfeit trademark goods will take place may request the suspension of this customs operation.

With regard to the other objects of industrial property, Legislative Decree No. 823 refers to Article 27 of Legislative Decree No. 807, which provides that at any stage of the proceedings, either ex officio or at the request of a party, INDECOPI may order one or more of the following precautionary measures:

"The adoption of the measures necessary for the customs authorities to prevent the entry into Peru of the products that are the subject of the complaints."

With regard to copyright, Article 40 of Legislative Decree No. 822 provides that the Copyright Office may apply to the customs authority for confiscation at the border of pirated merchandise that violates copyright, with a view to suspending the free circulation of the said merchandise where attempts are made to import it into Peruvian territory.

31. Please describe in detail how Peru implements the remaining provisions of Section 4 of Part III of the TRIPS Agreement, citing to the relevant provisions of law.

See the replies to questions 29 and 30.

32. Please describe in detail the criminal actions and remedies that are available with respect to counterfeit trademarked goods and pirated copyright goods and cite to the relevant provisions of law.

The public authority responsible for initiating criminal proceedings is the Public Prosecutor's Office, which is the autonomous State body whose main functions include the protection of the Law, citizen's rights and the public interest, *inter alia*. In the case of intellectual property rights, the Nineteenth Criminal Provincial Prosecutor's Office in Lima and Ad Hoc Office for Intellectual Offences is the competent authority. INDECOPI, through the aforementioned Prosecutor's Office, is also responsible for initiating criminal proceedings.

The Public Prosecutor's Office may initiate proceedings *ex officio* (on its own initiative) when there are reasonable indications that an offence has been committed; or at the request of the injured party (following complaints).

Private persons are not authorized to initiate criminal proceedings directly for offences against intellectual property rights, but must do so through the competent Public Prosecutor's Office.

33. Please indicate the authorities responsible for criminal actions involving intellectual property rights and indicate whether their authority extends to other forms of intellectual property rights.

The Judge of the First Instance in the criminal courts is empowered to hear cases concerning intellectual property rights. In the second instance, the Criminal Chamber of the High Court has jurisdiction.

In respect of offences against copyright and neighbouring rights and industrial property rights, Articles 216–221 of the Criminal Code state with regard to copyright that penal sanctions may be applied for unlawful use of intellectual property, plagiarism, publishing too many copies or exceeding the authorized circulation, as well as for the sale or distribution of illegally produced copies.

According to Articles 222–225 of the Criminal Code on industrial property rights, penal sanctions apply to unauthorized use of a patent, unauthorized use or sale of an industrial design, improper use of an expression accrediting a person as the owner of an industrial design, and unlawful use of mark.

34. Please explain whether and under what circumstances seizure, forfeiture and destruction of infringing goods and any materials and implements are available as remedies in wilful trademark counterfeiting or copyright piracy cases and describe the conditions under which such penalties would be imposed.

In accordance with Article 241(c) and (f) of Decision 486, the plaintiff or defendant may request an order for the withdrawal from commercial channels of all products resulting from the infringement, including packaging, wrappings, labels, printed materials or advertising, together with the materials and implements, the predominant use of which has been the commission of the infringement. He may also request the adoption of the necessary measures to avoid continuation or repetition of the infringement, including the destruction of the above-mentioned products or materials or implements.

Furthermore, Article 27 of Legislative Decree No. 807 provides that, at any stage of the proceedings, either *ex officio* or at the request of a party, INDECOPI may order one or more of the following precautionary measures:

- (a) The cessation of the acts that are the subject of the complaint;

- (b) the seizure, deposit or arrestment of the products, labels, packaging and advertising material that are the subject of the complaint;
- (c) preventive cessation of advertising that is the subject of the complaint;
- (d) the adoption of the necessary measures to allow the customs authorities to prevent the entry into Peru of the products concerned;
- (e) temporary closure of the establishment of the person that is the subject of the complaint;
- (f) any other measure to prevent any prejudice occurring.

Similarly, Article 177 of the Copyright Law also indicates some of the provisional measures that may be requested by owners of copyright, namely:

- (a) Suspension or immediate cessation of the unlawful activity;
- (b) attachment or confiscation, and withdrawal from commercial distribution circuits, of any copies produced or used and of the material or equipment used for the infringing activity;
- (c) the conduct of inspections, attachments or confiscation without prior notice.

Likewise, the Copyright Office, the Inventions and New Technologies Office and the Distinctive Signs Office may apply administrative penalties, jointly or separately, such as a warning or a fine of up to approximately US\$152,250.00.

With regard to goods seized, in accordance with Article 178 of the Legislative Decree No. 822, the Copyright Office may, where appropriate, order the delivery to the injured party or to a suitable institution of the infringing merchandise and any materials and equipment used for the perpetration of the infringement, or it may order the destruction thereof.

35. Please provide statistical information relating to civil copyright, trademark, geographical indication, industrial design, patents, integrated circuit lay-out design, and trade secret enforcement for each of the years 1998 and 1999, including the number of cases filed; injunctions issued; infringing products seized; infringing equipment seized; cases resolved (including settlement); and the amount of damages awarded.

In Peru intellectual property rights are protected at three levels: administrative, civil and criminal, most cases being settled through administrative proceedings. Consequently, the statistics included in the Annex refer to administrative proceedings.

36. Please provide statistical information related to criminal enforcement in the area of copyright piracy and trademark infringement for each of the years 1998 and 1999, including the number of raids, prosecutions, convictions, and the amount of fines and/or jail terms (including whether the fines were paid and whether the jail term was actually served or was suspended) and any other information establishing that the criminal system operates effectively to deter copyright piracy and trademark counterfeiting.

The table below provides statistics for the technical reports issued by the Copyright Office for the Judicial Authorities and the Public Prosecutor's Office during 1998 and 1999. It should be noted that before the Public Prosecutor's Office brings charges or makes a report, depending on circumstances, it must request a technical report from INDECOPI.

Reports Issued in Judicial Proceedings in 1998	
Technical Reports	328
To the Judicial Authorities	62
To the Public Prosecutor's Office	266

Reports Issued in Judicial Proceedings in 1999	
Technical Reports	377
To the Judicial Authorities	42
To the Public Prosecutor's Office	335

37. Please describe any new initiatives that are planned to improve enforcement of intellectual property rights in Peru, particularly initiatives related to criminal enforcement.

With a view to furthering the progress already achieved in the defence of intellectual property rights, the Multi Sectoral Commission on Adulteration and Piracy has been established, consisting of INDECOPI and business associations linked to right holders (Business Software Alliance – BSA, Motion Picture Association – MPA, National Association of Manufacturers – SNI, etc.) and relevant public organizations (INDECOPI, National Police Authority, etc.), and coordinates the courses of action and strategies to be followed to strengthen the defence of intellectual property rights in Peru.

In the criminal field, although the existing Copyright Law of 1996 provides for custodial sentences of up to eight years and included the new categories of crimes, there is now a bill before the Congress of the Republic which, if passed, would introduce more severe penalties for infringers.

In addition, the processes and procedures for obtaining the registration of trademarks has been automated, thereby making it possible to find out the state of progress of files through the Internet. This automation will shortly be extended to cover the procedures for obtaining patents.

ANNEX (QUESTION 35)

Inventions and New Technologies Office

INFRINGEMENTS	1998	1999
ADMITTED	3	14
Actions for infringement of patents	0	5
Actions for infringement of industrial designs	3	7
Actions for infringement of utility models	0	2
INSPECTIONS CARRIED OUT	4	34
Patents	0	10
Industrial designs	4	22
Utility models	0	2
<u>PRECAUTIONARY MEASURES EXECUTED</u> (Seizures, arrestments, cessations etc.)	0	36
Patents	0	22
Industrial designs	0	8
Utility models	0	6
RESOLVED IN 1999	6	6
Patents		1 Withdrawal
Industrial designs	4 Unfounded 1 Inadmissible	3 Unfounded 1 Withdrawn
Utility models	1 Inadmissible	Founded, punished with a fine equivalent to 0.14 UIT (tax units)

Infringements: Distinctive Signs Office

	1998	1999
Cases brought	304	295
Inspections carried out	312	283
Precautionary measures executed	123	113
Cases settled by conciliation	61	58
Cases resolved	206	143

Copyright Office

APPLICATIONS	1998	1999
Registrations in dispute	8	5
Objections	0	0
Ex officio proceedings	0	0
Proceedings by a party	0	0
Cancellations	8	5
Ex officio proceedings	2	0
Proceedings by a party	6	5
Services for the settlement of disputes (complaints)	106	132
Ex officio proceedings	13	9
Proceedings by a party	93	123
Peruvian applicants	51	74
Foreign applicants	40	47
Peruvian and foreign (joint) applicants	2	2
Visits of inspection	88	123
Ex officio proceedings	15	4
Proceedings by a party	73	119
Peruvian applicants	14	67
Foreign applicants	58	44
Peruvian and foreign (joint) applicants	1	8
Preventive (precautionary) measures	56	30
Ex officio proceedings	0	0
Seizures	0	0
Arrestments	0	0
Cessations	0	0
Other	0	0
Proceedings by a party	56	30
Seizures	0	0
Arrestments	0	0
Cessations	54	30
Other	2	0
Precautionary measures within proceedings	25	80
Ex officio proceedings	3	11
Seizures	1	6
Arrestments	1	0
Cessations	0	0
Inspections	1	5
Other	0	0
Proceedings by a party	22	69
Seizures	7	29
Arrestments	3	8
Cessations	0	0
Inspections	12	32
Other	0	0

COMPLETED	1998	1999
REGISTRATIONS IN DISPUTE	5	7
Objections	0	0
Founded	0	0
Unfounded	0	0
Inadmissible	0	0
Withdrawn	0	0
Settled by conciliation	0	0
Abandoned	0	0
Expired	0	0
Definitively dismissed	0	0
Cancellations	5	7
Founded	4	2
Unfounded	1	4
Inadmissible	0	1
Withdrawn	0	0
Settled by conciliation	0	0
Abandoned	0	0
Expired	0	0
Definitively dismissed	0	0
REGISTRATIONS IN DISPUTE (INFRINGEMENTS)	78	130
Ex officio proceedings	3	12
Founded	3	9
Unfounded	0	2
Inadmissible	0	0
Withdrawn	0	0
Settled by conciliation	0	1
Abandoned	0	0
Expired	0	0
Definitely dismissed	0	0
Proceedings by a party	75	118
Founded	26	33
Unfounded	4	12
Inadmissible	4	0
Withdrawn	11	27
Settled by conciliation	22	42
Abandoned	8	4
Expired	0	0
Definitely dismissed	0	0
PENALTIES	68	119
Fines imposed	20	40
Amount expressed in UITs (tax units)	85	200
Temporary closure	1	0
Definitive closure	0	0

COMPLETED	1998	1999
Confiscation	5	13
Warning	10	6
Repair of omissions	1	1
Other	31	59
VISITS OF INSPECTION	98	125
Ex officio proceedings	15	4
Proceedings by a party	83	121
Peruvian applicants	13	68
Foreign applicants	69	45
Peruvian and foreign (joint) applicants	1	8
PRECAUTIONARY (PREVENTIVE) MEASURES	56	30
Ex officio proceedings	0	0
Seizures	0	0
Arrestments	0	0
Cessations	0	0
Other	0	0
Proceedings by a party	56	30
Seizures	0	0
Arrestments	0	0
Cessations	54	30
Other	2	0
PRECAUTIONARY MEASURES IN PROCEEDINGS	31	44
Ex officio proceedings	4	1
Seizures	1	0
Arrestments	1	0
Cessations	0	0
Inspections	2	1
Other	0	0
Proceedings by a party	27	43
Seizures	7	13
Arrestments	2	4
Cessations	0	0
Inspections	18	26
Other	0	0
