Argentina

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Argentina

(1) APPLICABLE LAW

1 In 1853, after decades of internal strife, the Argentine Constitution was established. Article 17 of the Argentine Constitution provides that '*every author or inventor is the exclusive owner of his work, invention or discovery for the term provided by law*'.

2 One of the first laws enacted in Argentina under the Constitution was Patent Law No. 111, which entered into force in 1864. Law No. 111 remained in force for more than 130 years (until 1995), and it included a prohibition of patentability of pharmaceutical compositions that was broadly interpreted by the Supreme Court as to include not only compositions but also compounds[1] and veterinary products.[2]

3 In 1966 Argentina joined the Paris Convention, incorporating the Lisbon Act of 1958 (the 'Paris Convention'). In 1994 Argentina adhered to the GATT-TRIPS Agreement (the 'TRIPS Agreement'), and as a consequence of that a new Patent Law was enacted in September 1995 and old Law No. 111 was abrogated. Such new law provided for, *inter alia*, the protection of pharmaceutical products. The first pharmaceutical product patents were granted in Argentina on 24 October 2000.

4 In 2003, the Guidelines of the Patent Office (the 'Guidelines') were passed. The Guidelines summarize the procedure for prosecuting patent applications. Also, the Guidelines deal with substantive issues such as patentable subject matter. Also, new guidelines for the examination of Chemicals-pharmaceutical patent applications were passed in 2012.

5 Accordingly, the five pieces of legislation that are mainly applicable to patents in Argentina, apart from the Argentine Constitution, are: (i) the Patents and Utility Models Law No. 24,481, as amended (hereinafter, the 'Patent Law'); (ii) Decree No. 260/96, which regulates the Patent Law (hereinafter, the 'Regulatory Decree'); (iii) the Guidelines; (iv) the Paris Convention; and (v) the TRIPS Agreement.

6 It is important to mention that Argentina has a very particular system in connection with treaties. In Argentina, according to Article 75, section 22 of the Constitution, international treaties have a higher hierarchy than internal laws. Therefore, any difference between them is resolved directly by the Courts in favour of the provisions of the treaty.

7 Accordingly, the TRIPS Agreement is directly applicable in Argentina and it prevails over the Patent Law in cases of conflict of laws.

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[1] *American Cyanamid v. Unifa*, 21 Dec. 1970.

[2] *Martínez Bolin v. Gobierno Nacional*, 29 Aug. 1986.

(2) VALIDITY

(2.1) GENERAL

8 In line with the TRIPS Agreement, the Patent Law provides that patents will be granted for any invention that complies with the requirements of novelty, inventive step (non-obviousness) and industrial application (usefulness).

9 There are no particular features in the Patent Law that deserve to be highlighted with regards to these requirements. In any event, it may be interesting to mention that Section 4 of the Patent Law defines 'industry' very broadly, as including, *inter alia*, the industry dealing with services.

10 Sections 6 and 7 of the Patent Law prohibit the patentability of:

(a) scientific theories and mathematical methods;
(b) business methods;
(c) software;
(d) diagnostic and therapeutic methods applicable in the human body, and those related to animals;
(e) any kind of living matter or substance already existing in nature;
(f) the biological and genetic material existing in nature.

11 The latter two points could bring some confusion regarding the patentability of biotechnological inventions and microorganisms. However, such kind of patents are already being granted by the *Instituto Nacional de la Propiedad Industrial* (the 'Patent Office'), especially bearing in mind that the TRIPS Agreement allows the member countries to exclude from patentability '*plants and animals other than microorganisms*' (Article 27.3.b, emphasis added). Thus, it is clear that member countries may not exclude microorganisms from the patentable subject matter.

12 On May 2, 2012 the Argentine Patent Office, along with the Ministries of Industry and of Health, issued Joint Regulation Nos. 118/2012, 546/2012 and 107/2012 with new guidelines for examining chemical-pharmaceutical patent applications. This Regulation was published on May 8, 2012 in the Official Gazette.

According to Article 2 of the Regulation, it became effective May 9, 2012, and applicable to pending applications.

In essence, this regulation severely restricts the patentability of several categories of inventions in the pharmaceutical field, and can be summarized as follows:

– Claims directed to polymorphs of known compounds will not be allowed, as polymorphism is an intrinsic property of matter in its solid state and therefore is not considered to be an invention. Processes to obtain polymorphs constitute routine experimentation and therefore are not patentable.
– Similar considerations apply to hydrates and solvates, which are considered as polymorphs.
– Single enantiomers are not patentable when the racemic mixture was known. However, novel and inventive processes for obtaining enantiomers may be patentable if they are clearly disclosed and the resulting compound is fully characterized by spectroscopic data.
– Compounds represented by Markush structures will be accepted if the specification includes examples which are representative of all the compounds

claimed. These examples must include physicochemical data for each compound obtained.
- Selection patents will not be allowed as novelty will not be recognized for the selection of one or more elements which were already generically disclosed in the art (such as in a Markush claim), even if these elements show different or improved properties.
- Salts, esters and other derivatives (such as amides and complexes) of known substances are considered as the same substance and are not patentable.
- Active metabolites are derivatives from the active ingredients that are produced in the body, and cannot be considered as "created" or "invented". Metabolites are not patentable as an independent object from the active compound.
- Prodrugs must be supported by the specification, which must include the best method for obtaining them and their characterization. The specification must also demonstrate that the prodrug is inactive or less active than the active compound.
- New formulations and compositions as well as the processes for preparing them should generally be deemed obvious over the prior art. Exceptionally, claims directed to formulations will be acceptable when a long-felt need is solved in a non-obvious manner.
- Claims directed to combinations of known active compounds, second medical uses or dosage regimes will be considered as equivalent to methods of treatment, which are excluded from patent protection.
- Any additional example or information filed during prosecution of an application will be considered as far as it does not broaden the original disclosure.
- Manufacturing methods must produce an industrial result. Therefore, processes for the manufacture of active compounds disclosed in a specification must be reproducible and applicable on an industrial scale.

According to the Regulation, these guidelines are conceived as general instructions addressed to the patent examiners. The experience with the existing general guidelines for patent examination has shown, however, that in practice such guidelines operate as very specific legal provisions which must be adhered to

13 Section 22 of the Patent Law allows only one independent claim. All other claims must be directly or indirectly subordinated to this main claim, even if they refer to different objects of invention like apparatus method, products, elements of apparatus or product, etc.

14 It is not possible to request the cancellation of a patent before the Patent Office. The validity of patents can only be challenged at the Federal Courts.

15 Patents can be challenged as invalid for lack of: (i) novelty, (ii) inventive step (obviousness), (iii) written description, (iv) clarity and (v) in general, for not complying with the provisions of the Patent Law. Section 64 of the Patent Law provides that actions requesting the invalidity of a patent can only be filed by those having legitimate interest.

16 There are other situations in which patents can be cancelled. In this regard, section 64 of the Patent Law provides that patents shall be cancelled in case of failure to pay the annual maintenance fee they are subject to, and when a compulsory license is granted to a

third party and that party does not make use of the invention within a term of two years as from the grant of the license for causes attributable to the patentee.[3]

(2.2) PARTIAL INVALIDITY

17 When a cause of invalidity affects only a part of the patent, partial invalidity shall be declared by the Court by invalidating the claim or claims affected by such causes. When the invalidity is partial, the patent shall remain in force in relation to the claims that were not invalidated, provided they can constitute the subject matter of an independent invention. No claim can be declared partially invalid.

18 The patentee cannot unilaterally abandon the patent in part or add new claims once the patent has been granted.

[3] Section 63 of the Patent Law provides that no judicial declaration shall be necessary for the nullity or cancellation to have the effect of submitting the invention to the public domain, since both nullity and cancellation operate as a matter of law.

(3) INFRINGEMENT

(3.1) STATUTORY PROVISIONS

19 The statutory provisions on direct infringement can be found in section 8 of the Patent Law and in Article 28 of the TRIPS Agreement (which is self-executing in Argentina, according to the case law of the Supreme Court). Indirect or contributory infringement is not expressly provided for in the Patent Law.

(3.2) WHAT ACTS CONSTITUTE DIRECT INFRINGEMENT?

20 According to section 8 of the Patent Law, a patent shall confer on its owner the following exclusive rights:

(a) when the subject matter of the patent is a product, to prevent third parties from manufacturing, using, offering for sale, selling or importing the patented product without his or her consent; and
(b) when the subject matter of a patent is a process, to prevent third parties from carrying out any act of using such process and any act of using, offering for sale, selling or importing for subsequent sale the product obtained directly through such process, without his or her consent.

21 There are no specific provisions under the Patent Law specifying whether repairing patented equipment is regarded as patent infringement. Some legal authors understand that the acts of repairing a patented product should not be considered an act of patent infringement, since the patent right would be exhausted (see paragraphs 60 and 61) and the repaired product would not constitute a new product. However, the act of reconstructing a patented product could be considered patent infringement, since the reconstruction could imply the creation of a new product. In this regard, section 8 of the Patent Law specifically confers to the patentee the exclusive right to manufacture the patented product.

22 According to section 8 of the Patent Law and Article 28 of the TRIPS Agreement, importation of a patented product, or of a product obtained by a patented process, is considered patent infringement.

23 Considering the terms of section 8 and section 76 of the Patent Law (see paragraphs 20 and 124), supplying infringing products to a local person from a foreign country should only be considered patent infringement if the foreign person is the one who introduces the products into the country.

24 Consequently, the act of the transporter who introduces infringing products in Argentina should also be considered patent infringement.

25 If a product that falls under the scope of protection of a patent is offered just before the expiration of such patent, with the condition that the product will only be delivered after the expiration of the patent, such offer should be considered patent infringement. Section 8 of the Patent Law confers on the patent owner the exclusive right not only to sell but to offer for sale the patented product. Therefore, such offer would still constitute patent infringement in the terms of section 8.

26 Although it is not expressly provided for in the Patent Law and there is no case law either, offering for sale patented products to potential customers outside Argentina should be qualified as patent infringement. In this regard, section 8 of the Patent Law does not make any distinction between offers for sale made to local or to foreign customers.

(3.3) SCOPE OF PROTECTION

27 According to section 11 of the Patent Law, the right granted by the patent shall be determined by the first approved claim, which defines the invention and establishes the scope of protection. The description and the drawings or plans, and, when applicable, the deposit of biological material, shall be used to interpret them. There may be one or more claims, which shall be clear, concise and based on the description without exceeding it. Only one independent claim is allowed, and the rest of them must make reference directly or indirectly to the main claim without broadening the scope thereof (section 22 of the Patent Law).

28 Patent applications are thoroughly analysed by the Patent Office before they are granted. Once they have been granted, patents – as any other act of the Administration in Argentina – enjoy a presumption of validity. Therefore, patents are considered to be valid and enforceable as a principle, and it is up to the infringer to prove the contrary.

29 The so-called Doctrine of Equivalents has been accepted by Argentine Courts. However, there are only a few old cases in which that doctrine was applied, mainly because patent litigation in Argentina in the last decades has not been extensive. The Supreme Court adhered to the Doctrine of Equivalents in 1890.[4] In 1967 that doctrine was cited by the Federal Court of the city of Bahia Blanca.[5] Also in 1967, the Federal Court of Appeals of the city of Buenos Aires applied the function-way-result test in holding that there was an infringement by equivalents.[6] All these cases were decided under the old Patent Law and there is no case law concerning the Doctrine of Equivalents under the new Patent Law enacted in 1995. However, the Doctrine of Equivalents should be applicable under the new Patent Law since the principles under which the doctrine was created have not been modified.

30 The so-called Formstein/Gillette defence has not been applied by the Argentine courts. In any event, practicing prior art or an obvious variant of it is unlikely to be considered to be patent infringement.

(3.4) INDIRECT INFRINGEMENT

31 Indirect infringement is not expressly provided for in the Patent Law. However, some legal commentators indicate that indirect infringement should be considered as patent infringement in Argentina. The Argentine Constitution, as well as general provisions of the Civil Code (good faith in transactions, abuse of rights, accomplices' joint and several liability, etc.) could be grounds for a finding of contributory infringement by the Courts. There is no case law addressing this issue in Argentina, although under the old Patent Law

[4] *Chavanne*, 1890, Fallos 38:481. The Supreme Court held that there was a patent infringement because the infringing device used a 'similar fundamental principle'.

[5] *Nopco*, 14 Feb. 1967. The Court of the city of Bahía Blanca held that 'alteration of details' could not avoid patent infringement if the same 'fundamental principles' of the invention were used.

[6] *Lavandera*, 5 Dec. 1967.

the Federal Court decided that both the manufacturer of an infringing product and the one who ordered said manufacture were responsible for patent infringement.[7]

(3.5) PROVISIONAL PROTECTION

32 The Patent Law does not expressly provide for provisional protection for a patent application before its grant, and there is no case law on this issue in Argentina either. However, some legal commentators have argued that provisional protection should be awarded, since the patent is granted for a period of time counted as from the filing date and the application is published before the grant. Moreover, considering the terms of Article 17 of the Argentine Constitution (see paragraph 1), the Supreme Court has stated that the right of the inventor is born together with the invention, and not with the grant of the patent, which only regularizes and protects such right,[8] therefore acknowledging that the right is prior to the grant of the patent.

[7] *Juan Luis Dompé*, 23 Nov. 1925.
[8] *Spitz*, 1953, Fallos 226:714.

(4) FURTHER DEFENCES TO INFRINGEMENT

(4.1) EXPERIMENTS

33 Section 36 of the Patent Law provides that the right conferred by a patent shall have no effect against any third party who, within the private or academic field and with no commercial purposes, carries out activities of purely experimental, scientific or technological research, testing or teaching, and for this purpose manufactures or employs a patented product or uses a patented process. However, section 8 of the Confidentiality Law No. 24,766 provides that any third party may use a patented product or process before the expiration of the patent, with experimental purposes and to gather the information required for approval of a product or procedure by the pertinent authority, for its sale after the expiration of the patent (Bolar exemption).

34 Section 8 of the Confidentiality Law is clearly addressed to the gathering of data for regulatory purposes, and considering that the Confidentiality Law was enacted after the Patent Law, the former would be considered to prevail over the latter. All other experimental uses or clinical trials would have to pass the test of whether they have a 'commercial purpose' to determine if they fall or not within the exemption of section 36 of the Patent Law. The validity of the Confidentiality Law vis-à-vis the TRIPS Agreement has not been challenged so far at the Argentine Courts.

(4.2) COMPULSORY LICENSES

(4.2.1) General

35 The Patent Law provides that compulsory licenses may be granted due to lack of working (sections 42 and 43), anti-competitive practices incurred by the patentee (section 44), sanitary emergency or national security reasons (section 45) and dependency (section 46). However, no compulsory licenses have been granted in Argentina up to now.

(4.2.1.1) Lack of Working

36 After three years as from the grant of the patent or four years as from the filing of the application, if the invention has not been worked (except in the event of force majeure, or when effective and appropriate steps for the use of the invention have been taken) or when such work has been interrupted for more than a year, any person shall be entitled to request the Patent Office authorization to use the invention without the patentee's consent. In this case, the potential user must prove that he or she has attempted to obtain the grant of a license from the patentee under reasonable commercial terms, that such attempts have not been successful after a term of 150 days as from the date the license was requested and that it is in technical and commercial conditions to supply the domestic market under reasonable commercial circumstances.

37 Importation of the patented product should, in principle, be considered as 'working', as provided by Article 27 of the TRIPS Agreement. The Regulatory Decree provides that importation of the product embodying the invention should be considered to be sufficient

working of the patent. Some legal commentators have argued that the decree should not include such type of provision if it is not included in the Patent Law. In any event, Article 27 of the TRIPS Agreement provides that '*patents shall be available and patent rights enjoyable without discrimination as to . . . whether the products are imported or locally produced*'. Therefore, considering the higher hierarchy of treaties in Argentina, importation should be deemed as sufficient working. The Federal Court of Appeals has considered that importation should be deemed as working the patented invention (in *re.: Ipesa v. Ishihara*, 3 December 2009).

(4.2.1.2) Anti-competitive Practices

38 When the competent authority determines that the patentee is liable for unfair competition or antitrust offence, the Patent Office may publicly inform that it will examine offers of third parties interested in obtaining a compulsory license. Once these applications are filed, the Patent Office shall make a decision granting or rejecting the compulsory licenses.

39 Section 44 of the Patent Law provides that the following, among others, shall be considered as unfair competition practices and/or antitrust offences:

(a) fixing comparatively excessive prices as compared to the average prices prevailing in the market, or discriminatory of the patented products; in particular when prices offered to supply the market are significantly lower than those offered by the patentee for the same product;
(b) refusal to supply the local market under reasonable commercial terms;
(c) hindering of commercial or productive activities; and
(d) any other act infringing the Antitrust Law.

(4.2.1.3) Sanitary Emergency or National Security Reasons

40 The National Executive Branch may grant compulsory licenses due to sanitary emergency or national security reasons. In such cases, the scope and duration of the licenses shall be limited to the purposes of such grant.

41 The Patent Law does not provide a definition for 'sanitary emergency' or 'national security reasons'. It could be considered that there is 'sanitary emergency' when the lack or shortage of a product connected with sanitary matters endangers or jeopardizes inhabitants' health. However, it is not clear if the compulsory licenses can be granted even when there is only a risk of sanitary emergency, or if such condition should be interpreted restrictively, and therefore the state of emergency should already be present. However, with regards to the term 'national security reason', there are two different interpretations: a restrictive one, limited to national defence issues, and a broader one, which includes any event which could endanger inhabitants, such as economic boycott measures imposed by other countries.

42 The Argentine Republic approved (Law No. 26,662, approved on 16 March 2011 and published on 8 April 2011) the Amendment of the TRIPS Agreement Decision of 6 December 2005 (the 'Protocol'), introducing the so-called export compulsory licenses, which allows the exportation of a pharmaceutical patented product from a country having manufacturing capacity to a country lacking the manufacturing capacity and authorized by the WTO.

43 The Doha 2001 Declaration as well as the 2003 Decision and the 2005 Protocol permanently waives the limitation of compulsory licenses for the internal market (Article

31, f of the TRIPS Agreement) and allows a country, without manufacturing capacity, to import pharmaceutical products in case of epidemics or other circumstances of extreme urgency.

44 In order to fully understand the amendment introduced by Law No. 26,662, it should be reminded that Article 31 of the TRIPS Agreement regulates the use of a patent without the authorization of its owner and also sets forth the requirements for the grant of the so-called compulsory licenses. Section f falls within this frame, which states that '. . . *such use shall be authorized predominantly for the supply of the domestic market of the Member authorizing such use*'. Thus, and according to the original wording of the TRIPS Agreement, those products manufactured under compulsory licenses could not, in principle, be exported.

45 Lack of export compulsory licenses could make them (the compulsory licenses) moot. Thus, the Protocol corrects this situation.

(4.2.1.4) Dependency

46 When the use of a patent cannot be made without infringing another patent, the use of this last patent shall be granted without the authorization of the patentee, provided the following conditions are met:

(a) the invention claimed in the second patent shall involve an important technical advance of considerable economic significance in relation to the invention claimed in the first patent;
(b) the owner of the first patent shall be entitled to a cross-license on reasonable terms to use the invention claimed in the second patent; and
(c) the authorized use of the first patent shall be non-assignable except with the assignment of the second patent.

(4.2.2) Procedure for the Grant of a Compulsory License

(4.2.2.1) Lack of Working

47 Any third party can apply for a compulsory license before the Patent Office. Before applying for a compulsory license, the applicant must attempt to obtain a voluntary license from the patentee under reasonable commercial terms within a term of 150 days as from the date the license was first requested.

48 The applicant must also prove that he or she has the economic capacity to carry out an efficient use of the patented invention, and that he or she has a plant duly authorized by the competent authority. Furthermore, to obtain a compulsory license, applicant must comply in general with the requirements set forth in Article 31 of the TRIPS Agreement.[9]

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[9] Article 31 of the TRIPS Agreement provides the following: *Where the law of a Member allows for other use (7) of the subject matter of a patent without the authorization of the right holder, including use by the government or third parties authorized by the government, the following provisions shall be respected:*
a authorization of such use shall be considered on its individual merits;
b such use may only be permitted if, prior to such use, the proposed user has made efforts to obtain authorization from the right holder on reasonable commercial terms and conditions and that such efforts have not been successful within a reasonable period of time. This requirement may be waived by a Member in the case of a national emergency or other circumstances of extreme urgency or in cases of public non-commercial use. In situations of national emergency or other circumstances of extreme urgency, the right holder shall, nevertheless, be notified as soon as reasonably practicable. In the case of public non-commercial use, where the government or contractor,

49 The applicant must set out the nature of his or her interest and the facts upon which his or her petition is based. Afterwards, the Patent Office will notify the patentee, who has ten days to answer and allege his or her evidences.

50 Patentee may invoke, *inter alia*, (i) that there were effective and serious preparatory measures to work the invention; or (ii) that the inactivity derived from a force majeure event, including objective difficulties of technical and legal character to obtain the registration at public agencies for marketing authorization, which made the use of the invention impossible.

51 The next step in the procedure is the trial stage, in which the parties (applicant and patentee) produce their evidence. The term of the trial stage is forty days, and the Patent Office will then have to decide whether to grant the compulsory license within a term of ninety working days.

52 The Patent Office also determines the reasonable compensation to be received by the patentee by taking into account the economic value of the authorization being granted, as well as the average royalties being paid within such commercial field of activities when similar license agreements between independent parties are executed. This decision may be appealed before the Federal Courts.

(4.2.2.2) Anti-competitive Practices

53 The procedure begins when there is a judicial determination that the patentee is liable for anti-competitive practices. Then, the Patent Office may publicly inform that it will examine offers of third parties interested in obtaining a compulsory license. Once these

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without making a patent search, knows or has demonstrable grounds to know that a valid patent is or will be used by or for the government, the right holder shall be informed promptly;

c the scope and duration of such use shall be limited to the purpose for which it was authorized, and in the case of semi-conductor technology shall only be for public non-commercial use or to remedy a practice determined after judicial or administrative process to be anti-competitive;

d such use shall be non-exclusive;

e such use shall be non-assignable, except with that part of the enterprise or goodwill which enjoys such use;

f any such use shall be authorized predominantly for the supply of the domestic market of the Member authorizing such use;

g authorization for such use 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 it cease to exist and are unlikely to recur. The competent authority shall have the authority to review, upon motivated request, the continued existence of these circumstances;

h the right holder shall be paid adequate remuneration in the circumstances of each case, taking into account the economic value of the authorization;

i the legal validity of any decision relating to the authorization of such use shall be subject to judicial review or other independent review by a distinct higher authority in that Member;

j any decision relating to the remuneration provided in respect of such use shall be subject to judicial review or other independent review by a distinct higher authority in that Member;

k Members are not obliged to apply the conditions set forth in subparagraphs (b) and (f) where such use is permitted to remedy a practice determined after judicial or administrative process to be anti-competitive. The need to correct anti-competitive practices may be taken into account in determining the amount of remuneration in such cases. Competent authorities shall have the authority to refuse termination of authorization if and when the conditions which led to such authorization are likely to recur;

l where such use is authorized to permit the exploitation of a patent ('the second patent') which can not be exploited without infringing another patent ('the first patent'), the following additional conditions shall apply:

i the invention claimed in the second patent shall involve an important technical advance of considerable economic significance in relation to the invention claimed in the first patent;

ii the owner of the first patent shall be entitled to a cross-license on reasonable terms to use the invention claimed in the second patent; and

iii the use authorized in respect of the first patent shall be non-assignable except with the assignment of the second patent.

applications are filed, the Patent Office shall make a decision granting or rejecting the compulsory licenses.

54 This authorization shall be granted without the need to follow the procedures provided for the granting of compulsory licenses based on lack of working.

(4.2.2.3) Sanitary Emergency or National Security Reasons

55 The National Executive Branch may grant compulsory licenses due to sanitary emergency or national security reasons. In such cases, the scope and duration of the licenses shall be limited to the purpose of such grant.

56 Section 47, (c) and (i) of the Patent Law reproduce almost literally Article 31(b) and (c) of the TRIPS Agreement, thus providing that, when the Patent Office grants a compulsory license, some conditions must be met, *inter alia*: '*(c) . . . In the case of public non-commercial use, where the government or contractor, without making a patent search, knows or has demonstrable grounds to know that a valid patent is or will be used by or for the government, the right holder shall be informed promptly. . . . (i) . . . the scope and duration of such use shall be limited to the purpose for which it was authorized . . . in the case of semi-conductor technology shall only be for public non-commercial use or to remedy a practice determined after judicial or administrative process to be anti-competitive.*'

57 Although the Patent Law does not provide the step-by step of the procedure, the Patent Office should notify the patentee before granting the compulsory license for sanitary emergency or national security reasons.

(4.2.2.4) Dependency

58 The Patent Law does not provide a specific procedure for this type of licenses. Therefore, this type of licenses should follow the same procedure as the ones derived from lack of working.

(4.3) PRIOR USE

59 The prior use of an invention could be used as a defence in order to request the invalidity of the patent due to lack of novelty. According to the Patent Law, inventions shall be patentable provided they are new, involve an inventive activity and are applicable in industry. Section 4 of the Patent Law provides that an invention is new when it is not included in the state of the art and it further defines the term *state of the art* as all technical knowledge which has become public before the filing date of the patent application or, if applicable, of the recognized priority, by way of oral or written description, by its use, or by any other means of disclosure or information, in the country or abroad. Therefore, the Patent Law requires absolute or universal novelty for the invention to be patentable. It is irrelevant if the technical knowledge is made public by the inventor or by any third party, and the statutory bar exists whether such knowledge becomes public in Argentina or abroad.

60 Section 5 of the Patent Law provides an exemption for previous disclosures of the invention in the following terms: '*the disclosure of an invention shall not affect its novelty, when within ONE (1) year prior to the filing date of the patent application or, if applicable, of the recognized priority, the inventor or his lawful successors, have disclosed the invention by any means of communication or have publicized it in a national or international exhibition*'. Thus, when the inventor discloses the invention by any means of communication or publicize it in a national or international

exhibition within one year prior to the filing date of the patent application, such disclosure shall not affect the novelty of the invention.

61 Furthermore, the Guidelines of the Patent Office provide that the previous disclosure of the invention will not affect its novelty in the following cases: (a) public disclosure of the invention against the inventor's will (e.g., due to a breach of confidence); or (b) publication of a patent application abandoned or withdrawn before the date of the publication. However, it should be noted that the Guidelines provide that the publication of both patent applications and patents shall not be considered as exemptions in the terms of section 5 of the Patent Law. Thus, publications of patent applications and patents do affect the novelty of the invention. These Guidelines could somehow limit the scope of section 5 of the Patent Law and could be therefore considered unconstitutional. However, there is no case law on this issue up to now.

62 It should also be borne in mind that the Patent Law incorporates the 'first to file' and not the 'first to invent' system. Section 15 provides that 'when several inventors have made the same invention independently from each other, the right to the patent shall belong to the inventor whose application bears the earliest filing date or of recognized priority, as the case may be'.

63 Unlike other patent systems, the Patent Law does not provide a particular statute for private prior use. Therefore, considering that section 4 of the Patent Law (see paragraph 59) provides that the term 'state of the art' only comprises technical knowledge which has become public, the private or secret use of a patented product or process before the priority date or filing date would not be considered to become part of the state of the art.

(4.4) EXHAUSTION

64 Section 36 of the Patent Law provides that the right conferred by a patent shall have no effect against any person who purchases, uses, imports, or in any other way markets the patented product or obtained by a patent process, once such product is legally placed on the market in any country. Apparently, if a product is legally placed on the market by anyone, with or without the authorization of the patent holder in Argentina, there would be no further exclusive patent rights in Argentina. For instance, the product could have been placed on the market in a country where there is no patent protection at all. However, such interpretation would be contrary to the exclusive right conferred by Article 17 of the Argentine Constitution, and more specifically by section 8 of the Patent Law and Article 28 of the TRIPS Agreement. In addition, section 36 of the Regulatory Decree provides that an imported product has been legally placed on the market only when it has been placed on the market by the patentee in the country where it was acquired, or by a third party authorized to market it. Therefore, as long as the product has been placed on the market of a foreign country with the authorization of the patent holder, said patentee would not be entitled to prevent importation of the product invoking the Argentine patent.

65 In any event, the Patent Law is not particularly clear on this matter nor is there any relevant case law. It is hard to anticipate how Argentine Courts would interpret these provisions, particularly considering that the TRIPS Agreement expressly provides in Article 6 that nothing in this agreement shall be used to address the issue of the exhaustion of intellectual property rights.

(5) COURT SYSTEM

(5.1) COMPETENT COURTS

66 According to section 89 of the Patent Law and section 5 of the Code of Civil Procedure, patent infringement and validity cases are heard by the Federal Courts having jurisdiction on the defendant's domicile or on the place where infringement takes place. Therefore, in cases of infringement, when said infringement takes place in multiple locations, the patentee has the choice of court. Nevertheless, the Federal Courts sitting in the city of Buenos Aires hear most of the patent infringement cases brought in Argentina.

(5.1.1) Specialized Court

67 There are no specialized Courts in patent law in Argentina. However, an important part of the cases heard by the Federal Courts sitting in the city of Buenos Aires are related to intellectual property rights.

(5.2) PATENT OFFICE

68 The Patent Office is the authority before which patent applications shall be filed in Argentina. The Patent Office, which was created by the new Patent Law, examines the compliance with both formal and substantial requirements.

69 Once a patent application is filed, the Patent Office makes a formal examination and publishes it within eighteen months as from the filing date. Within sixty days from publication of the application, third parties may file observations and file documentary evidence. Substantive examination must be explicitly requested and the corresponding fee be paid within three years as from the filing date. It should be noted that the date of this payment determines the moment in which the substantive examination will be performed. Therefore, the earlier the applicant pays the fee, the earlier the Patent Office performs the substantive examination. Afterwards, if the application meets all formal and substantive requirements, the Patent Office grants the patent, which has a duration of twenty years as from the filing date, subject to the payment of annual fees. However, the duration of utility models is ten years as from the filing date.

70 If the Patent Office rejects the patent application, the applicant can file a petition for reconsideration to the President of the Patent Office. If this petition is rejected, the applicant can appeal the decision to the Federal Courts.

(5.3) CONSERVATORY MEASURES

(5.3.1) Seizure of Infringing Products

71 Section 83 of the Patent Law provides that a patentee may request the Court the seizure of one or more samples of the infringing products or the description of the process used by the infringer. Such measures are carried out by a Court officer with the assistance of the plaintiff and one or more experts, at the plaintiff's request.

72 If these preliminary measures are granted, proceedings on the merits will have to be started within ten working days as from the performance of the measures.

(5.3.2) Inventory and Attachment of Infringing Products

73 Section 83 of the Patent Law also entitles the patentee to request the drawing up of an inventory, or the attachment of the infringing goods and the machinery especially intended for the manufacturing of the product. These measures are also carried out by a Court officer with the assistance of plaintiff and one or more experts, at the plaintiff's request.

74 As in the above mentioned case, if these preliminary measures are granted, proceedings on the merits will have to be started within ten working days as from the performance of the measures.

(5.3.3) Other Conservatory Measures

75 In addition to the conservatory measures provided by the Patent Law, the Code of Civil Procedure allows the parties to request, before the final judgment is rendered, any other measure which could result adequate to provisionally ensure the protection of their rights in case they demonstrate risk of imminent or irreparable harm. If these provisional measures are granted before starting the proceedings on the merits, these proceedings will have to be started within ten working days as from the performance of the measures.

76 Provisional measures are, as their name suggests, always temporary in nature and they may be revoked or modified at any time if the circumstances prevailing upon their grant subsequently change.

(5.3.4) Damages

77 If the Court finds that the conservatory measures described above have been granted due to an abuse or an excess, the party who obtained the measures can be held liable for the damages incurred as a result of such measures.

78 It should be noted that the party who obtains a conservatory measure must provide some security for the damage that such measure could cause to its opponent. The Court fixes the amount to be deposited depending on the claimant's likelihood of success on the merits, as well as other circumstances of the case. This deposit can be replaced with other type of securities, such as a bank bond or a lien over an asset.

(5.4) PROCEEDINGS

(5.4.1) Pre-Trial Proceedings

79 The Code of Civil Procedure provides that if the production of evidence could become difficult or impossible during the evidence period of the trial proceedings, a party can request, before starting the proceedings on the merits, the preliminary production of certain evidence, such as the testimony of witnesses, expert's reports, judicial inspection, document exhibition, etc. There is no obligation to start litigation after the production of this evidence.

(5.4.2) Ordinary Proceedings

80 The procedure in ordinary proceedings is governed by the Code of Civil Procedure. In the city of Buenos Aires, the Federal Courts are divided into eleven courts, each having one judge and two clerk's offices that are responsible for handling each case.

81 Litigation in Argentina is mostly written. The case is mainly decided on the basis of written submissions by the parties, although during the proceeding there are opportunities to meet the judge and explain the case orally. The main procedural stages in a lawsuit are: (a) bill of complaint and answer thereto; (b) evidence period; (c) final arguments; and (d) judgment. Afterwards, it is possible to appeal before the Federal Court of Appeals, and in exceptional cases there is an extraordinary appeal before the Supreme Court.

82 Before filing a lawsuit, it is not mandatory to warn the defendant. However, in many cases it may be advisable to do so. This is generally done by sending a warning letter informing the infringer of the existence of the patent and that an action shall be started unless the infringer, within the term stated in the warning letter (usually ten or fifteen days), undertakes to cease infringement, to compensate for damages, etc.

83 A pre-trial mediation proceeding is mandatory before being entitled to start legal actions in the city and Province of Buenos Aires. It should be borne in mind that the reception of the notification of the mediation hearing would also put the infringers on notice that the patent has been granted and that patentee plans to sue them. However, preliminary injunctions and conservatory measures are waived from the pre-trial mediation proceeding.

84 Unless some agreement is reached, once the mediation proceeding is concluded the next step is filing a bill of complaint, usually requesting (a) the cease of use of the patent; and (b) the award of damages in favour of the patentee.

85 The plaintiff must serve notice of the bill of complaint upon the defendant, who has fifteen working days to file an answer. In the same term, the defendant can also file a counterclaim. The term varies if the defendant is domiciled abroad, in which case the Court will fix another term, taking into account the distances and the communications available.

86 The most frequent defences in patent infringement suits are the following: (a) non-infringement; (b) the existence of a legitimate right (such as being a licensee); (c) nullity of the patent; and (d) lapsing of the patent. Nullity and lapsing of patents are specifically provided for by the Patent Law (see paragraphs 14 and 15). Moreover, the defendant can also file preliminary objections (e.g., lack of jurisdiction, res judicata, etc.), which, in principle, should be decided by the Court before dealing with the substance of the dispute.

87 Parties must produce all relevant documentary evidence upon submitting their claim or their answer and a list of specific documents the production of which they wish the Court to order from the opposing party or from a third party. They must also indicate all other means of evidence they intend to rely upon. If the matter in dispute involves only questions of law (i.e., there are no contested facts), the proceedings will skip the evidence period and will proceed directly to the judgment phase. Otherwise, the Court will set the duration of the evidence stage which, according to the Code of Civil Procedure should not, in theory, exceed forty working days. However, in practice, the evidence period generally takes not less than six months.

88 The evidence period has two well-defined phases. The first phase consists of a hearing of the parties by the judge, where the latter invites the parties to conciliate. If parties cannot settle the matters in dispute, the judge must define the questions of fact which are relevant to the adjudication of the parties' claims and on which evidence will be produced. The judge must then receive the objections of the parties to the evidence that the other party intends to rely on. The second phase consists on the production of the relevant evidence. The length of this stage may be extended, if evidence has to be obtained outside Argentina.

89 Once the production of the evidence has been completed, the parties can file final arguments. Once the final arguments have been filed, or if the term to do so has expired, the judicial docket remains with the Court, which will study it and render its verdict. The term to pass judgment may vary, but it can be estimated to be one or two months.

(5.4.2.1) Declaratory Actions

90 The Code of Civil Procedure provides the possibility to start declaratory actions in order to obtain a purely declaratory judgment from the Courts. This particular kind of declaratory-type proceedings can be requested by any person being in a state of uncertainty in order to have the Courts declare whether they infringe a certain patent right, e.g., if a product falls within the scope of a patent.

91 Section 322 of the Code of Civil Procedure provides further procedural conditions in order to file a declaratory action, i.e., the existence of a state of uncertainty, the existence of actual or imminent injury, and the verification that the requested declaratory action is the best remedy in order to cease the state of uncertainty.

(5.4.3) Preliminary Injunction Proceedings

92 A patent holder may apply for a preliminary injunction on the basis of Article 50 of the TRIPS Agreement, the Code of Civil Procedure and the Patent Law. Preliminary injunctions could be applied for even before bringing the main infringement action to the Court, but if granted, the action on the merits must be filed within ten working days. Furthermore, in the city of Buenos Aires, it is not necessary to start mediation proceedings before applying for preliminary injunctions.

93 On 4 December 2003 the Argentine Congress passed a new law amending the Patent Law, which now includes additional requirements to the ones provided for in Article 50 of the TRIPS Agreement. For the injunction to be granted, applicant should cause a strong conviction in the magistrate in connection with the following issues: (a) likelihood of infringement; (b) likelihood of validity, if the patent were challenged by the defendant; (c) irreparable harm to the patentee; and (d) balance of hardships. To this extent, the Court must appoint an Official Expert in order to analyse items (a) and (b), and in case the injunction is finally granted the patent holder must post a security bond to guarantee possible damages caused to the alleged infringer.

94 Preliminary injunction proceedings are, in principle, no longer ex parte. However, and in certain cases having the necessary evidence, it is possible to request the Court to appoint the official expert and decide the case ex parte, upon showing irreparable harm and/or possibility to lose evidence.

(5.4.3.1) Alternative Preliminary Proceedings

95 Section 87 of the Patent Law provides for an alternative preliminary proceeding called the *incidente de explotación*. In such proceedings, the patentee may request the alleged infringers to post a bond or give an adequate guarantee to cover possible damages in case the Court finally decides there is an infringement. Alternatively, the alleged infringer may choose not to post the bond and interrupt the objected use, and in turn request that said bond or guarantee is posted by the plaintiff.

(5.4.4) Criminal enforcement

96 The Patent Law provides for criminal sanctions for patent infringement.[10]

Section 75 provides that the defrauding of the rights of inventors shall be deemed to be counterfeiting and shall be punished with imprisonment of from 6 months to 3 years and with a fine.

The same penalty of Section 75 shall be imposed on those who knowingly:

(a) produce or cause to be produced one or more goods in violation of the rights of the owner of the patent or of the utility model;
(b) imports, sell, offer to sell or market or exhibit or introduce into the territory of the Republic of Argentina one or more objects in violation of the rights of the owner of the patent or the utility model (Section 76).

The same punishment increased by one third shall be imposed on:

(a) the proxy, partner, advisor, employee or workman of the inventor or of his lawful successors who usurps or discloses the invention not yet protected;
(b) those who by corrupting a partner, proxy, advisor, employee or workman of the inventor or of his lawful successors, obtain the disclosure of the invention;
(c) those who violate the duty of confidentiality imposed by law (Section 77).

A fine shall be imposed on anyone who, without being the owner of a patent or of utility model, or no longer enjoying of the rights granted thereby, makes use on his products or on his advertisements, of indications susceptible of inducing the public to error with regard to their existence.

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[10] SECTION 75.- The defrauding of the inventor's rights shall be deemed to be counterfeiting and shall be punished with imprisonment of from SIX (6) months to THREE (3) years and a fine.
SECTION 76.- The same penalty of the preceding section shall be imposed on those who knowingly, without prejudice to the rights granted to third parties by this law:
(a) produce or cause to be produced one or more articles in violation of the rights of the owner of the patent or of the utility model;
(b) import, sell, offer to sell or market or exhibit or introduce into the territory of the Republic of Argentina one or more objects in violation of the rights of the owner of the patent or of the utility model;
SECTION 77.- The same penalty, increased by one third, shall be imposed on:
(a) a proxy, partner, advisor, employee or workman of the inventor or of his lawful successors who usurps or discloses the invention not yet protected.
(b) those who by corrupting a partner, proxy, advisor, employee, or workman of the inventor or of his lawful successors, obtain the disclosure of the invention.
(c) those who violate the duty of confidentiality imposed by this law.
SECTION 78.- A fine shall be imposed on anyone who, without being the owner of a patent or of a utility model, or no longer enjoying of rights granted thereby, makes use on his products or in his advertisements, of indications susceptible of inducing the public to error with regard to their existence.
SECTION 81.- In addition to criminal actions, the owner of the patent and his licensee, or of the utility model, may file a civil suit to prohibit the continuation of the illegal use and to obtain a redress for the damage suffered.

In the cases of repetition of the offences punished by the Law No. 24,481, the penalty shall be doubled (Section 79).

Criminal participation and concealment shall be punishable pursuant to the Criminal Code (Section 80).

The prosecution of the case is done by the public prosecutor or the Judge, and the patent holder may join the case as a party and assist them.

Usually patentees prefer to start civil actions rather than criminal ones, because in criminal cases the Judge is the one who has control of the case, and there is not much case law of criminal penalties imposed upon infringers.

Argentine Law does not permit the application of criminal liability against a legal entity for acts of counterfeiting, although it may be held liable for damages.

(5.4.5) Appeal

97 Most of the decisions rendered by the Courts can be appealed. In principle, when a party files an appeal, the effects of the challenged decision are suspended. However, where appeals are made against provisional measures and preliminary injunctions, these may nevertheless be enforced.

98 A party wishing to apply for leave to appeal, must apply for it within five working days, without expressing the legal basis for the appeal. The moment at which the appellant must state the legal basis for the appeal varies depending on whether the appeal is 'unrestricted' or 'restricted'.

99 Unrestricted appeals are allowed only with respect to final judgments in ordinary proceedings. In unrestricted appeals, the parties may introduce, with certain limitations, new facts and evidence. However, the introduction of new facts and pieces of evidence at this stage is unusual. In the case of unrestricted appeals, if the Court gives leave to appeal, the court file is remitted to the Federal Court of Appeals and the legal basis of the appeal must be filed before the Court of Appeals within ten working days. Then, the opponent must file its defences to the appeal within ten working days.

100 Where a Court decision other than a final judgment in ordinary proceedings is challenged, only restricted appeals are allowed. In restricted appeals, no new facts or pieces of evidence may be introduced. In these cases, the legal basis for the appeal must be filed before the first instance Court within five working days and the opponent must file its defences within the subsequent five working days.

101 The Federal Court of Appeals sitting in the city of Buenos Aires hears the appeals against decisions of the Federal Courts of the city of Buenos Aires. The Federal Court of Appeals of the city of Buenos Aires comprises of three Divisions, each of which having three judges. Decisions from the Federal Court of Appeals of the city of Buenos Aires may be expected in three to six months.

(5.4.6) Supreme Court

102 Since Patent Law is a federal law, a further appeal before the Supreme Court is possible, but only regarding questions of law. The application for leave to make an extraordinary appeal against the Federal Court of Appeals' decision must be filed within ten working days. Along with the application, the appellant must express the legal basis for the extraordinary appeal. The opponent can file a response within ten working days.

103 When the Court of Appeals allows the extraordinary appeal, the court file is remitted within five days to the Supreme Court, where it may remain for several years before a decision by the Supreme Court is rendered. Even when a Court of Appeals allows an extraordinary appeal, the Supreme Court may refuse to hear the extraordinary appeal if it considers that the constitutional matter in question is not material or if the contended matter is not of general interest. If the Court of Appeals rejects the extraordinary appeal, the appellant can file a direct appeal before the Supreme Court within five working days.

(5.5) EVIDENCE

(5.5.1) Evidence

104 As described in paragraph 87, parties must produce all relevant documentary evidence upon submitting their claim or their answer and a list of specific documents the production of which they wish the Court to order from the opposing party or from a third party. They must also indicate all other means of evidence they intend to rely upon.

105 The Code of Civil Procedure identifies and regulates in detail the types of admissible evidence, which include the following: documents, reports, parties' interrogatories, testimonies of witnesses, experts' reports and judicial inspections. However, the Code of Civil Procedure provides that evidence can be provided by any other means, except when contrary to morals, personal rights or expressly prohibited by law. The Code of Civil Procedure also provides rules dealing with evidence appearing after the evidence period has expired.

106 As in many countries and due to the special nature of the infringement, in Argentina an expert's opinion is one of the most important factors to determine the existence of infringement. Usually both parties ask the Court to appoint an official expert to render his or her opinion on the matter (the infringement and/or validity of the patent). Even though the expert's conclusion is frequently followed by the Court, the Court is not obliged to render its decision according to his or her opinion. Each party can also appoint its own expert, who may be present during the performance of any test. These experts appointed by the parties can also file their conclusions.

107 The Courts in principle rely on the evidence submitted and produced by the parties. However, before rendering judgment, the Courts may order further evidentiary measures to clarify issues that they believe must be proved.

(5.5.2) Burden of Proof

108 Each party has to prove the facts that it alleges. According to this general principle, the patentee would have to prove infringement, and the defendant would need to file the necessary evidence to support his or her position, e.g., that he or she has not infringed the patent, that he or she has properly used the patent, etc.

109 The reversal of the burden of proof is available for process patents without distinction from the field of technology. According to section 88 of the Patent Law, when the subject matter of the patent is a process for obtaining a product, the Courts shall order the defendant to prove that the process for obtaining the product differs from the patented process. However, the reversal of the burden of proof will not be applied when the product directly obtained from the patented process is not new. Unless evidence to the contrary is

given, it shall be assumed that the product obtained through the patented process is not new if the defendant proves the existence in the market of a non-infringing product identical to the one obtained as a result of the patented process.

110 Furthermore, Argentine Courts already accept the reversal of the burden of proof in civil cases where it is obviously easier for the defendant to prove something that would be almost impossible or extremely difficult to prove for the plaintiff. Such principle would also be applicable in patent cases.

(6) REMEDIES

(6.1) INJUNCTIONS

111 According to section 81 of the Patent Law, the patentee is entitled to file a civil suit to have the infringer cease using the patent. Moreover, section 8 of the Patent Law provides that a patent shall confer on its owner the exclusive right to prevent third parties from manufacturing, using, offering for sale, selling, or importing without its consent the patented product, the patented process or the product obtained directly through such process.

112 When a permanent injunction is requested by the patentee in ordinary proceedings (full trial lawsuit), the Court has no discretionary power to refuse the injunction and impose an alternative order on the defendant, should the plaintiff prevail on the merits. However, preliminary injunctions can be denied by the Courts if they consider that the patentee did not cause a strong conviction in connection with the likelihood of infringement, likelihood of validity of the patent, balance of hardships, etc. (see paragraphs 92–94).

(6.2) OTHER REMEDIES

(6.2.1) Name of Vendor, Distributor, etc.

113 According to section 85 of the Patent Law, any person in possession of infringing products shall give full information regarding the name of whoever sold them to him or her or obtained them for him or her, their quantity and value, as well as the date when the sale began, under warning of being considered an accomplice.

(6.2.2) Costs

114 The general principle provided by the Code of Civil Procedure is that the losing party bears all the costs of the proceedings, even if the opponent did not expressly request so. These costs include an amount of court costs, experts' fees and legal costs. Legal costs are fixed by the Court mainly taking into account the amount in dispute, but also the type and complexity of the matter, the results obtained, the quality and efficiency of the services rendered, the speed with which the case may have been handled by the attorneys and the legal, moral and economic importance that the case may have on future cases for that same client and for the finances of the parties.

115 The Court may totally or partially change the rule if it finds that there are enough grounds to do so. For instance, the losing party will not bear all the costs if in due course it acquiesces in the whole of its opponent's claim. Moreover, if the judgment was partially favourable to each party's position, the judgment will normally distribute the costs between the parties in relation to the degree of success that each party obtained.

116 If proceedings end as a result of a settlement, each party generally bears its own costs. If proceedings finish as a consequence of a withdrawal, the party who withdraws must bear the costs, except where such withdrawal is a consequence of a modification in the applicable regulations or case law and the withdrawal is made without delay.

(6.2.3) Damages

117 Section 81 of the Patent Law also provides that the patentee is entitled to file a civil suit to obtain a compensation for the damage suffered as a consequence of the infringement. Typically, such compensation includes the damage that the patent holder is able to prove he or she has effectively suffered and lost profits. Financial relief is assessed based on the evidence submitted by the patentee. Lost profits, profits obtained by the infringer, price erosion and the value of a reasonable royalty are taken into account. The likelihood of obtaining a large award depends on the evidence that plaintiff is able to submit.

118 It is sometimes difficult to estimate the amount of the damage suffered by the patentee. For that reason, the Code of Civil Procedure authorizes the Courts to fix a reasonable amount of damages when the existence of damage, but not its actual amount, has been proved.

119 It is often stated that there are no punitive damages in the Argentine legal system, and only damages actually suffered by the patentee may be claimed from the infringer. However, it has been argued that, in cases of bad faith, the profits of the infringer should be returned to the patentee on the basis of application by analogy of provisions of the Civil Code regarding the so-called *restitución de frutos* (restitution of fructus). Under such provisions, the profits of the infringer should be awarded to the plaintiff even to the extent that they exceed the amount of the damage actually suffered by patentee. However, the Federal Courts of the city of Buenos Aires have rarely accepted such argument.[11] In any event, the profits of the infringer have sometimes been taken into account as indicia of the damage that the patentee may have suffered.

(6.2.4) Position of Licensees

120 Section 40 of the Patent Law provides that licensees are entitled to exercise the legal actions pertaining to the patent owner, only in the event the latter fails to exercise them himself or herself. Moreover, section 81 of the Patent Law provides that both the patent owner and the licensee are entitled to file a civil suit to have the infringer cease using the patent and to obtain an award for the damages suffered as a consequence of the infringement. Section 81 should be interpreted under the principle of section 40 and, therefore, the licensee would be entitled to file a civil suit only if the patent owner fails to file it himself or herself.

121 It is hard to determine when the Courts should consider that the patent owner has not exercised the legal actions himself or herself. Obviously, the licensee will be entitled to start the legal actions if the patent owner granted him or her a power of attorney enabling him or her to do so. Otherwise, the licensee should first request the patent owner in a reliable manner to start the legal actions within a reasonable term.

(6.2.5) Criminal Actions

122 The Patent Law also provides for criminal sanctions for patent infringement. Section 75 of the Patent Law provides that the defrauding of the rights of inventors shall be deemed

[11] One exception being an award granted by a Court of First Instance in *Destaillats*, Case No. 1448, decision of the Court of Appeal rendered on 8 Mar. 1984.

to be counterfeiting and shall be punished with imprisonment from six months to three years and a fine.

123 The same penalty shall be imposed on those who knowingly: (a) produce or have someone produce one or more objects infringing the rights of the patent owner; or (b) import, sell, offer for sell, market, exhibit or introduce into the country one or more objects infringing the rights of the patent owner.[12]

124 The same penalty increased by one-third shall be imposed on: (a) the proxy, partner, advisor, employee or workman of the inventor or of his or her lawful successors who appropriates or discloses the invention not yet protected; (b) those who by corrupting a partner, proxy, advisor, employee or workman of the inventor or of his or her lawful successors, obtain the disclosure of the invention; and (c) those who violate the duty of confidentiality imposed by law.[13]

125 Furthermore, section 78 of the Patent Law provides that a fine shall be imposed on anyone who, without being the owner of a patent or no longer enjoying the rights granted thereby, makes use on his or her products or on his or her advertisements of indications susceptible of inducing the public to error with regard to their existence.

126 Usually, patentees prefer to start civil actions rather than criminal ones, because in criminal cases the Court is the one who has control of the case, and there are not many precedents of criminal penalties imposed upon infringers.

127 Argentine law does not provide for criminal liability against legal entities for infringement, although they may be held liable for damages. Criminal participation and concealment shall be punishable pursuant to the Criminal Code.[14]

[12] Section 76 of the Patent Law.
[13] Section 77 of the Patent Law.
[14] Section 80 of the Patent Law.

(7) CONCLUSION

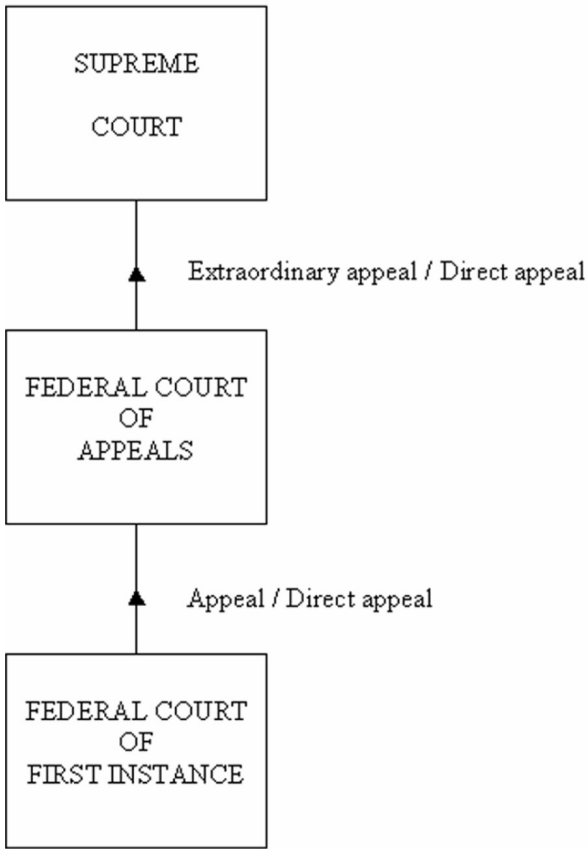
128 The protection of patent rights in Argentina has improved significantly since Argentina adhered to the TRIPS Agreement. As a direct consequence of the entry into force of the TRIPS Agreement, the new Patent Law was enacted in 1995 and old Law No. 111 was abrogated. The new Patent Law provides for, *inter alia*, the protection of pharmaceutical products, which caused a significant growth in the number of patent applications filed in Argentina.

129 The new Patent Law provides for a reasonable protection of patent rights. Although there are no courts specialized in patent law, the Federal Courts sitting in the city of Buenos Aires, which hear most of the patent cases brought in Argentina, generally provide an adequate enforcement. A more active enforcement of patent rights is expected in the next years, as most patent owners are lately acknowledging the improvements in the Argentine patent legal system.

(8) TABLES

Court Structure for Patent Infringement/Invalidity in Argentina

PATENT COURT STRUCTURE IN THE CITY OF BUENOS AIRES



Preliminary Injunction Proceedings: First Instance

Introduction	Respondent	Appointment of official expert	Judgment/ Appeal
Filing a request for preliminary injunction.	In principle, the court orders to serve notice of the request to the defendant, who is entitled to file a response. However, cases can be prosecuted ex parte upon showing irreparable harm and/or possibility to lose evidence.	The court appoints an official expert in order to analyse likelihood of infringement and likelihood of validity in a maximum term of 15 days.	A single judge renders judgment, usually a few days after the expert's report. The judgment is subject to appeal, within 5 working days.

Preliminary Injunction Proceedings: Appeal

Introduction	Judicial proceedings	Respondent	Judgment/ Appeal
The appellant must apply for leave to appeal within 5 working days, without expressing the legal basis for the appeal.	If the court of first instance gives leave to appeal, the appellant must file the legal basis of the appeal within the next 5 working days.	The court then orders to serve notice of the appeal to the counterpart, who is entitled to file a response within 5 working days. The court file is then sent to the Court of Appeal.	The case is heard and decided by a Division of 3 judges. The scope of the appeal is determined by the content of the grievances.

	If the court rejects to give leave to appeal, appellant may apply directly to the Court of Appeals, explaining the reasons for which leave to appeal ought to be given.		The Court of Appeals will decide whether to give leave to appeal, without hearing the respondent.
	If the Court of Appeals gives leave to appeal, the appellant must file the legal basis of the appeal within the next 5 working days.	The respondent is entitled to file a response within 5 working days.	
			In principle, the decision of the Court of Appeals is not subject to appeal to the Supreme Court in preliminary injunction proceedings. However, in very particular cases, the Supreme Court has accepted these appeals.

Preliminary Injunction Proceedings: Appeal to Supreme Court

Introduction	Judicial proceedings	Respondent	Judgment/ Appeal
The appellant must apply for leave to make an extraordinary appeal within 10 working days. Along with the application, the appellant must express the legal basis for the extraordinary appeal.	The court then orders to serve notice of the extraordinary appeal to the counterpart.	Counterpart is entitled to file a response within 10 working days.	After having heard both parties, the Court of Appeals decides whether to give leave to appeal. The Court of Appeals generally rejects the leave to appeal in preliminary injunction proceedings.
	If the Court of Appeals gives leave to make the extraordinary appeal, the court file is sent to the Supreme Court within 5 working days.		It may take some time before the Supreme Court renders a decision. Even when the Court of Appeals has given leave to make an extraordinary appeal, the Supreme Court may refuse to hear the appeal.
	If the Court of Appeals rejects the extraordinary appeal, appellant may apply directly to the Supreme Court within 5 working days, explaining the reasons for which leave to appeal ought to be given.		The Supreme Court will decide whether to allow the extraordinary appeal, without hearing the respondent.

Ordinary Proceedings on the Merits: First Instance

Introduction	Defence/counterclaim	Judgment/Appeal
In the city and the Province of Buenos Aires, a pre-trial mediation proceeding is mandatory before being entitled to start legal actions. Once the mediation proceeding is concluded, the next step is filing a bill of complaint.	The plaintiff must serve notice of the bill of complaint upon the defendant, who has 15 working days to file an answer. In the same term, the defendant can also file a counterclaim, as well as preliminary objections.	Preliminary objections, in principle, should be decided by the Court before dealing with the substance of the dispute.
Parties must submit all relevant documentary evidence together with their claim or their answer and all other means of evidence they intend to rely upon.		If the matter in dispute involves only questions of law, the proceedings will skip the evidence period and will proceed directly to the judgment phase. Otherwise, the Court will set the duration of the evidence stage, which should not exceed 40 working days. However, the evidence period generally takes not less than 6 months.
The evidence period starts with an oral hearing where the court defines the questions of fact on which evidence will be produced. However, many courts replace the oral hearing by written proceedings. The parties will then produce the relevant evidence. Once the production is completed, the parties can file their final arguments.		Once these arguments have been filed, the Court will render its final decision. The term to pass judgment may vary, but it can be estimated to be 1 or 2 months.
		The judgment is subject to appeal, within 5 days of the date of judgment.

Ordinary Proceedings on the Merits: Appeal

Introduction	Judicial proceedings	Respondent	Judgment/ Appeal
The appellant must apply for leave to appeal within 5 working days, without expressing the legal basis for the appeal.	If the court of first instance gives leave to appeal, the court file is sent to the Court of Appeals. The appellant must file the legal basis of the appeal within the next 10 working days.	The court then orders to serve notice of the appeal to the counterpart, who is entitled to file a response within 10 working days.	The case is heard and decided by a Division of 3 judges. The scope of the appeal is determined by the content of the grievances. The decision of the Court of Appeals is subject to extraordinary appeal to the Supreme Court, within 10 working days.

Ordinary Proceedings on the Merits: Appeal to Supreme Court

Introduction	Judicial proceedings	Respondent	Judgment/ Appeal
The appellant must apply for leave to make an extraordinary appeal within 10 working days. Along with the application, the appellant must express the legal basis for the extraordinary appeal.	The court then orders to serve notice of the extraordinary appeal to the counterpart.	Counterpart is entitled to file a response within 10 working days.	After having heard both parties, the Court of Appeals decides whether to give leave to appeal.

If the Court of Appeals allows the extraordinary appeal, the court file is sent to the Supreme Court within 5 working days.	It may take some time before the Supreme Court renders a decision. Even when the Court of Appeals has given leave to make an extraordinary appeal, the Supreme Court may refuse to hear the appeal.
If the Court of Appeals rejects the extraordinary appeal, appellant may apply directly to the Supreme Court within 5 working days, explaining the reasons for which leave to appeal ought to be given.	The Supreme Court will decide whether to allow the extraordinary appeal, without hearing the respondent.

Relationship between Infringement and Validity

Heard together?

Infringement and validity of a patent are usually heard together.

In preliminary injunction proceedings, the validity of a patent cannot be challenged. However, the court can reject a preliminary injunction if it finds there is no likelihood of validity of the patent.

Role of Experts

Experts appointed by Court	Party experts	Other experts' opinions
Usually both parties ask the Court to appoint an official expert to render its opinion on the matter. Experts are appointed by the courts by drawing lots from a list of professionals registered with the Court of Appeals. Even though the expert's conclusion is not binding, it is frequently followed by the Court.	Each party can also appoint its own expert, who may be present during the performance of any test. These experts appointed by the parties can also file their arguments.	Although it is not frequent in patent proceedings, the court and the parties can request an opinion from universities, academies, institutes or public institutions with scientific or technical specialization, when the subject matter of the dispute requires highly specialized proceedings or knowledge.

Duration of Preliminary Injunction Proceedings

First instance	Appeal	Appeal to Supreme Court
If the injunction proceedings are conducted ex parte and the official expert performs its report in a reasonable term, a judgment could be rendered within 2 months as of the request of the preliminary injunction. If the court cites the defendant, the term could be extended significantly.	6 to 10 moths.	Not less than 12 months.

Duration of Normal Proceedings (Infringement and /or Invalidity)

First instance	Appeal	Appeal to Supreme Court
2 to 4 years.	12 to 24 months.	Not less than 12 months.