



## Trends for Commercializing IP

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PROTECTION OF INTELLECTUAL PROPERTY RIGHTS		
1	<b>Joint IP</b>	<p>While in the current Patent Act (N° 17.164 of September 2, 1999) there are no specific provisions clarifying the rights of the owners; however, the former Patent Act provided for two types of ownership: co-ownership and joint-ownership, which give different rights to the patent owners.</p> <p>In co-ownership, each of the owners of the patent has the right to freely use, work and exploit the invention, having parallel rights which are not subordinated to consent from the other co-owners. In joint-ownership, none of the joint owners may act without the consent of the other owners, and their relationship will be governed by the general principles on joint ownership contained in the Civil Code.</p> <p>Trademarks, Patents and Copyrights can be jointly owned.</p>
2	<b>Know how</b>	<p>(a) Know how licensing is permitted.</p> <p>(b) There are no such restrictions.</p>
PAYMENT STRUCTURE		
3	<b>Royalty Payments</b>	<p>(a) Net sales, payable on a quarterly basis, and imposing minimum payments on the Licensee if minimum sales targets are not achieved. For license agreements contained in franchise agreements, there is typically an upfront fee in addition to royalties.</p> <p>(b) This varies by industry.</p>

4	<b>Remittance of License Fees</b>	Generally, there are no such restrictions. However, as of July 2007, there does exist income tax on non residents (ITNR). According to this new tax (ITNR), incomes derived from rights economically used in Uruguay are considered incomes from a Uruguayan source, therefore taxable by the ITNR at a general rate of 12%.
<b>APPROVALS/REGISTRATION</b>		
5	<b>Government Approvals/Registration</b>	Generally, there are no such approvals required. However, there are Registries for recordal of license agreements relating to IPR, upon which the agreements become valid vis a vis third parties. (See below, Part 7).
6	<b>Registration</b>	<p>(a) There is no fixed time period.</p> <p>(b) However, failure to register the assignment of an IPR has several adverse effects. The assignee will not be recognized by the IRP offices or by Courts as the registered owner of the IPR, and therefore will not be entitled to file any administrative or court action for defense against an infringement, or invoking the acquired IPR. Additionally, if the assignment has not been recorded, all liens or encumbrances which may fall upon the assignor will also affect the transferred IPR, since due to failure to record the assignee has not been recognized as yet as the new owner.</p>
<b>LICENCES</b>		
7	<b>Registration of Licenses</b>	<p><b>Trade Marks</b></p> <p>As of approval of the Trademark Act N° 17.011 on September 25, 1998, license agreements may be recorded with the Uruguayan Trademark Office. While recordal is not mandatory, in order to be effective “erga omnes”, vis a vis third parties, license agreements are required to be recorded before the Uruguayan Trademark Office. The Trademark Act does not distinguish – as regards registration of licenses – whether the same are exclusive, non-exclusive or sole. For the purposes of the Trademark Act, “a trademark license is an agreement whereby the total or partial use of a registered trademark, or a pending application, is granted to a third party, for a limited period, either on an exclusive, or non exclusive basis, in Uruguay.”</p>
		<p><b>Patents</b></p> <p>Patent Act N° 17.164 dated September 2, 1999, contains specific provisions regarding licensing of patent rights in Uruguay. Article 50 of the Patent Act provides that the patentee or the applicant for a patent registration shall be entitled to grant licenses for the working of the same. Recordal is not mandatory. However, said licenses shall be effective and enforceable vis a vis third parties upon registration thereof in the corresponding Register maintained by the Patent Office. There is no distinction based on whether the same are exclusive, non-exclusive or sole.</p>

		<p><b>Copyright</b></p> <p>Copyright Act N° 9.739 provides that in order to be valid, assignments and licenses of copyrights must be in writing, and shall be effective and enforceable vis a vis third parties upon registration thereof in the corresponding Register maintained by the Copyright Office. Recordal is not mandatory but failure to do so has the effects already stated. There is no distinction based on whether the same are exclusive, non-exclusive or sole.</p>
8	<b>Implied Terms</b>	<p><b>Patents</b></p> <p>Any clause or agreement whereby an inventor waives his right to be recognized as an inventor is void and null. Additionally, there are several provisions in the Patent Act regarding the rights of employees over inventions developed in the course of a labor relationship. These rights are of public order and may not be altered or diminished in an agreement. Also, article 52 of the Patent Act provides that clauses or conditions included in a license agreement and producing a negative effect in the competition or constituting unfair competition, or enabling an abuse on the part of the patentee or his/her dominant position in the market, are prohibited.</p>
		<p><b>Other IPRs</b></p> <p>Said clauses and conditions may include those producing the following effects: a) Effects detrimental to commerce. b) Exclusive conditions of retrocession. c) Preventing opposition against the validity of dependent patents or licenses. d) Those imposing commercial or industrial limitations on the licensee in the commercial or industrial areas provided that said limitations do not derive from the rights granted by the patent. e) Those imposing limitations to the export of the product protected by the patent towards those countries with which there is an agreement to establish an economic and commercial integration zone.</p>
		<p><b>Copyrights</b></p> <p>As to Copyrights, there are a number of provisions protecting the moral rights of authors which will be applied to the parties even in the absence of provisions in said regard in the contract.</p>
9	<b>Prohibited Terms</b>	<p><b>Trade Marks</b> – no (see above, Part 8)</p> <p><b>Patents</b> - see above, Part 8.</p> <p><b>Other IPRs</b> – see above, Part 8.</p> <p><b>Copyrights</b> – see above, Part 8.</p> <p>On a general basis, due notice should be taken on competition legislation provisions. Article 14 of Law 17.243 forbids “agreements and coordinated practices between among economic agents, the decisions by company associations and the abuse of a dominant position of one or more economic agents that impede, restrain or</p>

		<p>distort competition and free access to the markets of production, processing, distribution and trade of goods and services”. In order for competition laws to be applicable, the abuse of economic power detrimental of competition in a market must result in “<i>prejudice to the general interest.</i>” There are no “per se” prohibitions in Uruguayan competition laws. Article 14 includes, among other examples of prohibited practices, the one involving “<i>B) To unjustifiably restrict production, distribution and technological development to the detriment of companies or consumers</i>”. Accordingly, for example, limitation of output by the licensee may be deemed anticompetitive if it falls within the general definition of prohibited practices of article 14 of Law N° 17.243, and causes prejudice to “general interest”. Additionally, Article 14 of Competition Law N° 17.243 includes, among other examples of prohibited practices, the one involving “<i>D) To subordinate an agreement to the acceptance of complementary or supplementary obligations that, due to their own nature or commercial uses, does not have any relation with the object of those agreements to the disadvantage of the consumers</i>”. Pursuant to this example, “tie in” clauses would be prohibited if the same fall within this definition, and provided the same – as required by the last paragraph of art. 14, cause prejudice to “general interest”.</p>
<b>ENFORCEMENT</b>		
10	<b>Dispute Resolution</b>	<p>(a) Either mediation/arbitration or instituting Court proceedings. However, many license agreements incorporate amicable procedures for resolution of disputes prior to taking recourse to arbitration or Court measures.</p> <p>(b) Generally, there has been a trend towards ADR.</p>
11	<b>Courts</b>	<p>(a) Generally, yes, provided that there is no conflict regarding compliance of the agreement in Uruguay, since it is not the governing law of the agreement as per Uruguayan conflict of law rules.</p> <p>(b) The parties to a contract are not free to choose governing law thereof. Under Uruguayan conflict of law rules (Civil Code, article 2399), governing law of the agreement is the law of the country where the agreement will be performed, and with regard to our country, the laws of Uruguay.</p>
12	<b>Non Compete</b>	<p>(a) Generally, post termination provisions are lawful.</p> <p>(b) The duration of the restriction must be reasonable considering the nature of the terminated agreement and the related field of industry, commerce or services. In addition, the restrictions should not fall into or be considered anticompetitive practices under Uruguay’s antitrust legislation (see above, Part 9).</p>