

INTELLECTUAL PROPERTY 2020 EXPERT GUIDE

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INTELLECTUAL PROPERTY



Cecilia Falconi

Ecuador

cfalconi@falconipuig.com
+593 2 256 1808. Ext. 04
www.falconipuig.com



Ecuador: Enforcement of IP Rights

By Cecilia Falconi

Enforcement of IP rights (IPR) is crucial for companies regardless of its size or origin. Actually, protecting the intangible assets in accordance with local and international law not only provides its proprietors the right protection, but also, the ability to exercise legal action against infringers and counterfeiters – a constant point of concern for formal industries all over the world.

Ecuador has had several legislative changes in recent years, and IPR has been no exception. The Intellectual Property Law¹ (IPL) was in force up until December 2016. Although it required some level of reform, it was a good law as its application enabled right holders to exercise their rights in a fair environment. This in turn meant that offending parties – by malpractice and infringement – were more cautious.

An effective law also requires effective enforcement in the main ports of entrance of goods to the country. During the validity of the Intellectual Property Law, the competent authority (named at the time as Ecuadorian Institute of Intellectual Property (IEPI)) was an independent institution, autonomous in decisions and budget. For several years, the IEPI was recognised as one of the most efficient offices in Latin America. Unfortunately, this is not the case anymore.

By means of an Executive Decree,² the IEPI became a dependent institution of the National Secretariat for Education, Science, Technology, and Innovation (SENESCYT); losing decision making power and independent budget. Presently, the economic resources obtained by the payment of official fees for registration, maintenance, administrative tutelages, recourses, etc., are destined to the Finance Ministry and are part of the national budget. The diminished economic resources caused cuts in per-

sonnel and training which then led to an insufficient system. In response, IEPI changed its name to National Secretariat of Intellectual Property (SENADI), but resources were destined to an institutional image instead of investing in crucial issues such as efficient tools and procedures, and the specialisation and knowledge of its officers.

On 9 December 2016, an inefficient legal instrument named Organic Code of the Social Economy of Knowledge, Creativity and Innovation³ (COESCI), Book III destined to Intellectual Property Rights, came into force, replacing the IPL. Within the legal framework of Ecuador, we find its Constitution, multi-lateral and bilateral treaties, law, regulations, and resolutions of the relevant institutional body. Enforcement of IPRs has been a difficult task, since Ecuador is constantly non-compliant with multilateral and international treaties principally regarding observance.

Timings to grant rights and resolve administrative actions are a concern. Distinctive signs are granted within a time frame of 10 to 18 months without oppositions. Invention rights are granted between four to six years, starting from the date of application. Oppositions are resolved in most cases within two years. Recourses are taking four to five years to be resolved in a chronologic system and, sometimes, the authorities make the exception of resolving sooner by pressure of the title holders and its representatives or empowered attorneys.

How is the country doing with legal actions against counterfeits and piracy?

Unfortunately, the response to this question is not encouraging. The administrative tuteledge action pretends to stop IP infringe-

ments within the Ecuadorian territory. The procedure for this action, in the past, was compiled within the terms prescribed in law in most cases.

Currently, the best case scenario is once the tuteledge action is presented, the national authority will request official fees to be paid for inspection within one to two months. After the inspection diligence occurs within two to four months. If we add up, most infringers had sold the goods in the market during those six to eight months. Moreover, the infringer is notified in the inspection diligence. In most cases, especially in the informal market, there is no immediate access to accountings, invoices, tax declarations, nor any other information that could lead to determine the amount of goods sold, the prices and full sales spectrum. Therefore, the authorities issue a 15 day term to the infringer to provide such information, and from what we have seen the information is not provided.

To minimise the lack of information delivery, the participation of proficient experts qualified by the Judicature National Council may be requested. However, the participation of experts could double the length of time for the overall process, causing an even more critical legal insecurity. Resolutions of administrative tuteledge actions can take more than eight months in the best case scenery. Even if the adoption of provisional caution measures have been requested, the lack of resolution creates a state of uncertainty for the acting party.

An official initiative can be effected, but this approach is scarcely utilised. Therefore, enforcement of law becomes even harder to be executed. Furthermore, criminal actions are hardly applicable. The Criminal Organic Code⁴ has one sole article regarding the infringement of trademarks and copyrights (article 208A). Even that is virtually inapplicable. The norm demands that the value of merchandise seized exceeds US\$54,460 in value in order to apply penalty fees that run from US\$60,295 up to US\$114,755.

Counterfeit is not limited to luxury, fashion, and sports brands. It extends in incredible proportions to medicines, medical devices, food, cigarettes, liqueur, and confectionery goods, among others. Ecuador has not applied frontier measures in several years, causing counterfeit goods to become rife – even becoming a matter of public health.

Fortunately, the General Regulations for Book III of COESCI is expected to enter into effect in the coming months. If enforced, the

instrumentation of border measures can begin to be implemented once again. The SENADI and National Customs Secretariat (SENAE) are both making efforts. However, the question is: when will a solution be provided? Of course, we hope soon, but as the saying goes: 'seeing is believing'.

While the general regulations are passing promptly, SENADI has called the private sector to roundtables for the promotion of the COESCI reforms. Among other topics, the most relevant in the present context is observance. Therefore, hopefully the reforms will promote more effective norms for border measures.

The Academy, the ICC Ecuador, and private parties are constantly promoting and financing training courses towards to proficient, judicial police, judges, and custom agents. Just recently, an important training programme focused on proficient brands such as Christian Louboutin, Adidas, Nike, Puma, Procter and Gamble, Warner Brothers, Roche took place at the Universidad de los Hemisferios. There is already an agenda for 2020, and we will continue with our best efforts to see a country where IPRs are respected, and consumers are having higher security and warranties.

Cecilia is a proactive attorney; she practices law in Intellectual Property being her strengths copyrights, trademarks and geographical indications, ancestral knowledge and biodiversity. Cecilia participates constantly in an active manner in several working groups regarding trends for the industries and policy making; she is Ambassador of the ICC IP Commission for Ecuador, and participates with opinion constantly, she has also successfully conformed and chairs the ICC Ecuador IP Commission which is working on juridical criteria for several projects of law and regulations on IP rights. At ASIPI she has been quite active, leading ASIPI's Geographical Indications Committee for second period she is a constant and hard worker delivering impeccable work. At ECTA and INTA she has been admitted to the Anti-Counterfeit Commissions. Client testimonies are her best reference. JD, Pontificia Universidad Católica Ecuador 1998

1. Intellectual Property Law, Official Registry N°426, December 28, 2006, Ecuador
2. Presidential Executive Decree No. 1322, Official Registry N°813, October 19, 2012
3. Organic Code of the Social Economy of Knowledge, Creativity and Innovation, Official Registry N°899
4. Criminal Organic Code, Official Registry N°598, Third Supplement, September 30, 2015