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PROPIEDAD INTELECTUAL

The activities that deal with **living modified organisms** require only the approval of the **competent authority**

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legal bulletin

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Legal Information

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The Superintendence of Industry and Commerce stated when acts of imitation are considered as unfair competition

Last August 18th, the Superintendence of Industry and Commerce (SIC), through judgment 1228, studied a case for unfair competition in which a national company made a series of acts in order to prevent the entry of a foreign competitor in the domestic market. In the process, the plaintiff demonstrated that their products were previously registered in other jurisdictions, but the local competitor registered a series of products through the SIC.

Thus, the foreign competitor carried out the action under paragraph 1 of Article 20 of Law 256 of 1996, considering that the national company incurred violation of Articles 7 (general prohibition of engaging in acts of unfair competition) and 14 (acts of systematic imitation) under the same norm. As a result of the above, it was requested by the foreign company the removal of the acts reported, the compensation for damages caused by unfair conduct and additionally, ordered the defendant to not repeat that kind of behavior.

In this context, the SIC discussed the study of the case from the free imitation rule and its exceptions provided by Article 14 of Law 256 of 1996. In this case, the SIC said that imitation of commercial services and business ventures is permitted because it has favorable trade aspects, as it helps to remove restrictions on free competition, promotes market efficiency, generates competition among market players and offers consumers a wide range of goods and services to be selected based on the quantity, quality and price.

Nevertheless, the legislation provides that unfair competition is set when: (i) commercial services and business ventures are legally protected; (ii) the precise and meticulous imitation of commercial services generates indirect confusion; (iii) the precise and meticulous imitation leads to an unfair advantage of the reputation of others and; (iv) systematic imitation of commercial services and business initiatives aim at preventing the statement by the competitor in the market and the strategy implemented cannot be regarded as a natural market response.

Considering the above, the SIC said that not all commercial services are subject to legal protection given that these services should have a competitive uniqueness or peculiarity. Therefore, commercial facilities lack protection when they are standardized or common.

In addition, and based on the case that was studied by the entity, the SIC considered that the existence of an unfair act occurs when all the following elements come together:

- There is systematic imitation, i.e. that business creations are imitated with competitive uniqueness of the same employer repeatedly, continuously, and in a consistent manner;
- Such systematic imitation must exceed what is considered as a natural market response and consequently it prevents or hinders the participation of a third party on the market;
- The imitated commercial services must be new, thus they must correspond to the creations or initiatives of the passive subject that will mean a competitive uniqueness;
- Imitation must fall on the plurality of services or initiatives of the same entrepreneur;
- That the imitated company is not in the market.

Therefore, the judgment established that the local company did incur in the circumstances described above constituting a practice of unfair competition. In the process it was shown that:

- It was evident the number of imitations (repeated, continuous, constant and conscious) of the services conducted by the foreign company which hindered its entry to the Colombian market. It is important to say that the foreign company proved that their products were previously registered in other jurisdictions;
- The answer does not come from the market itself due to the business policy of the local company to prevent the entry and consolidation of the foreign company;
- Initiatives that earned to the foreign company a competitive uniqueness in the international market of the foreign company could not be introduced to Colombia because the national company had imitated them all;
- It was confirmed that the foreign company was not based in the country, even though it has intentions to enter the domestic market.

On the other hand, the sentence was pronounced on the claim for compensation for damage caused by the defendant. In that sense, the SIC reiterated that not all behavior that impedes or obstructs the statement of a competitor in the market leads to recover of damages, this, because the question is whether there was damage and if this is linked to unfair behavior.

Basically, the claim for compensation was addressed in three aspects:

I. Recognition of the expenses incurred by the plaintiff for hiring outside consultants and the time that was devoted to the process by the officials of the plaintiff.

   Given this, the SIC rejected the request because the plaintiff did not prove the expenses incurred to attend the process.

II. Investments made in marketing of new products.

Due to the fact that the labels, packaging and marketing materials were not discarded and certainly could be used in the international market the SIC considered that there was no place to collect compensation.

III. The lost sales in the Colombian market as a result of unfair practices committed by the defendant.

In this regard, the SIC determined that this petition sought lost profits, but was not recognized because the plaintiff company did not prove serious plans that demonstrate its intention to enter into the Colombian market.

Finally, the judgment ordered the defendant to stop using the initiatives that were specific to the plaintiff. However, the defendant may continue the production of the items that were subject of the lawsuit, what is prohibited is the use of names or brands that are characteristic of the plaintiff. In addition, the defendant was ordered to give up the trademark registrations and applications for registration that were related to the initiatives of the foreign company.

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The activities that deal with living modified organisms require only the approval of the competent authority

On March 5 2015, the State Council issued its final decision for the **2008-00367** process. It ruled on the legality of the **4525 Decree 2005** (Decree 4525) which regulated **Law 740 of 2002** (Law 740) regarding cross-border movement, transit, handling and use of living modified organisms (LMO).

On the referenced statement, the Council of State analyzed the following aspects: 1) whether or not it is necessary to have an environmental permit under the Law **99 of 1993** (Act 99) 2) the application of the standardization or substantial equivalence of transgenic products implemented in States that are part of the Cartagena Protocol on biodiversity; 3) community participation in decision-making.

1) Is it necessary the environmental license under the Act 99 of 1993?

According to the findings by the State Council an environmental permit under Law 99 is not necessary. An authorization made by entities in the industry is enough.

The above, since the only law ruling all issues, related to LMO is Law 740 of 2002. In this sense, the issuance of Decree 4525 of 2005 and its provisions providing a requirement for authorization does not counteract the provisions of Law 99 of 1993 because the norm that applies is Law 740 over Law 99 due to the fact that the first is a special norm and the second is a general one.

In this context, we must remember that the entity that authorizes activities with LMO in the agricultural sector, livestock, agro-industrial and others is the Ministry of Agriculture through the Colombian Agricultural Institute (ICA, Spanish acronym). LMO authorization for environmental use corresponds to the Ministry of Environment, Housing and Territorial Development and; for exclusive use of health or nutrition, the competent authority is the Ministry of Health.

Finally, the statement recalled that the regulation made to Law 740 is not loose since authorizations requests are obliged to include a risk assessment (Article 16 and following of Decree 4525) as well as the requirement that State agencies issued prior authorization concepts, such concepts are subject to the considerations of the National Technical Biosafety Committee according to the subject.

2) Does the standardization or substantial equivalence of transgenic products apply in Colombia?

Through the review made to the norm, the high court rejected the Colombian State to apply standardization or substantial equivalence basically, because Decree 4525, in the words of the high court, did not foresee “the possibility that studies that have been carried out in other countries with different environmental and socio-economic contexts could be applied to the Colombian system.”

3) Community participation in decision-making.

Both the 740 and Decree Law 4525 have established the spaces for participation and publications taken to the authorizations granted for LMO. Regarding this, the statement stressed that citizens can be informed of LMO filed with the competent authorities so that they have the possibility of making comments on such. Additionally, in the event that authorizations on LMO have been granted, these must be published on the website of the competent body and reported to the Biosafety Clearing-House (BCH).

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The evolution of trademark registrations: texture trademarks

The constant development of new technologies, original ways of presentation and identification of products and services, immediately translates into a need for entrepreneurs to protect these innovations. As a result, they turn into new forms of trademark protection when traditional marks are no longer sufficient. A recent judicial interpretation issued by the Court of Justice of the Andean Community of Nations ("CJACN"), opens the door to the registration of texture trademarks, if certain specific requirements are fulfilled.

This innovative alternative occurs in the context of a trademark application, dated February 2015, filed by a company that seeks for the first registration of a texture trademark in Colombia. In this case, the surface of a bottle of whiskey has become a recognized feature of this brand and now it could be protected as a trademark.

After the interpretation request was submitted by the Superintendence of Industry and Commerce on August 24, 2015, the CJACN examined in its judicial interpretation, under Process N° 242-IP-2015, the non-exhaustive list of signs that can be registered as trademarks under Article 134 of Decision 486 of 2000, by means of which the emergence of alternative categories of trademarks is viable.

Furthermore, the CJACN established the requirements needed by a texture trademark for being registered, making particular reference to the requirements of graphic representation. This aspect has been the center of several discussions in respect to other non-traditional trademarks, such as scents and sounds. In this respect, it was established that the graphical representation of a texture trademark is fulfilled by "*(i) including a clear, accurate and complete description of the sign, as well as a three-dimensional drawing or photograph; and (ii) a physical sample of the texture trademark*". Regarding the second requirement, in addition, the physical sample shall be accessible to consumers so they can verify themselves whether the mark could be affecting a previous right.

This represents a progress in the doctrine of the CJACN, which shall be adopted by the consulting authority, the Superintendence of Industry and Commerce, and applied in this case and in future applications of texture trademarks in Colombia.

This new category of texture signs implies a decisive change in our trademark law with significant consequences in the business world, especially in those sectors of industry in which new ways of protection for the inventiveness and uniqueness of certain products and services are sought.

Although a decision is still pending regarding this texture of a bottle of liquor, a wave of new categories of signs is sighted, which will mean a challenge in respect to the graphic representation and a new range of opportunities for all entrepreneurs.

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Innovation in Colombia: patent pending

According to official statistics from the Superintendence of Industry and Commerce just 12% of patent applications filed in Colombia during 2014 correspond to requests from residents of the country. Does this mean that there is no innovation in Colombia? Where are our inventors?

Last year, in October, the name of our country was mentioned by worldwide researchers and intellectual property experts given that the World Intellectual Property Organization (WIPO) awarded Gladys Miriam Aparicio Rojas, a leading researcher born in Valle del Cauca, the title of best inventor of the year on behalf of the synthetic material she developed from the spider web, in order to increase the lifetime of batteries.

Despite the recognition in developments like this one, it is surprising that only 259 out of the 2158 patent applications filed before the Colombian Patent Office from January to December 2014; correspond to Colombian residents. Although this number seems to suggest that we still have a long way to go in terms of intellectual property, it is clear that as Colombians we are, indeed, very capable of developing technological and industrial innovations.

Why do Colombians not patent?

Although we recognize that innovation in science and technology represents a major engine of growth in Colombia, and year after year important economic and human capital are accordingly invested, the intellectual property issue belongs to a culture that does not automatically arise in this process but must be promoted as a strategy to stimulate innovation activities and national developments in addition to rewarding and compensating the efforts mentioned above.

This means that even though there are significant developments in our country, which are recognized even globally, as in the case of Gladys Miriam Aparicio Rojas, it is necessary to openly introduce the mechanisms by which it is possible to transform specific scientific or technological advances like this into economic benefits. It is necessary to raise awareness and teach Colombians how to patent.

Patents in Colombia

The requirements needed in order to patent an invention here in Colombia do not stray far from the international practices. In fact, prosecution of a patent application before the Colombian Patent Office is governed by guidelines and standards recognized beyond our territory, embracing the way that intellectual property issues are handled in other countries.

Therefore, each patent application must meet a set of strict and specific requirements that are analyzed through a series of formal and technical examination protocols that aim to determine whether the invention satisfactorily complies with

the patentability requirements and deserves, indeed, the patent privilege.

Naturally, each patent application faces the possibility of being granted or denied. We realize that behind a Colombian patent are unimaginable efforts that should be equally rewarded, and so our commitment is to make available to our Colombian inventors the knowledge of a team that has distinguished, for advising and representing both foreign and local applicants in these areas, so that the culture of intellectual property in Colombia continues to grow.

Step by step

Without a doubt, the number of patent applications that are currently processed on behalf of Colombian inventors is very small compared to the volume of applications original from abroad. As Figure 1 depicts, there has been a gradual growth of domestic applicants over the years.

A deeper analysis of the aforementioned statistics shows that universities stand out among the main Colombian applicants with a total of 62 patent applications filed in 2014. Some Institutions that head the list are the National University of Colombia (15 patent applications), EAFIT University (10 patent applications) and the Universidad Del Valle (8 patent applications). This illustrates the particular interest of academia in the protection of its developments.

It is not odd that academia takes the lead because that is where innovation is born; however this is only the starting point given the large number of projects that arise, grow and develop beyond the classroom: in the industry. Because of this, it is necessary that following the example

Figure 1. Patent applications filed by Colombian residents. [1]

1 SUPERINTENDENCE OF INDUSTRY AND COMMERCE. Industrial Property filed and granted applications [online information system]. <http://www.sic.gov.co/drupal/estadisticas-propiedad-industrial> [date of query: September 29, 2015].

of the universities, said interest in protecting the intangible assets generated by the implementation of innovation strategies is also adopted by all Colombian companies, both large and small, who work daily to offer the best products and services because unaware they hold in their hands the key to keep boosting the growth of the country.

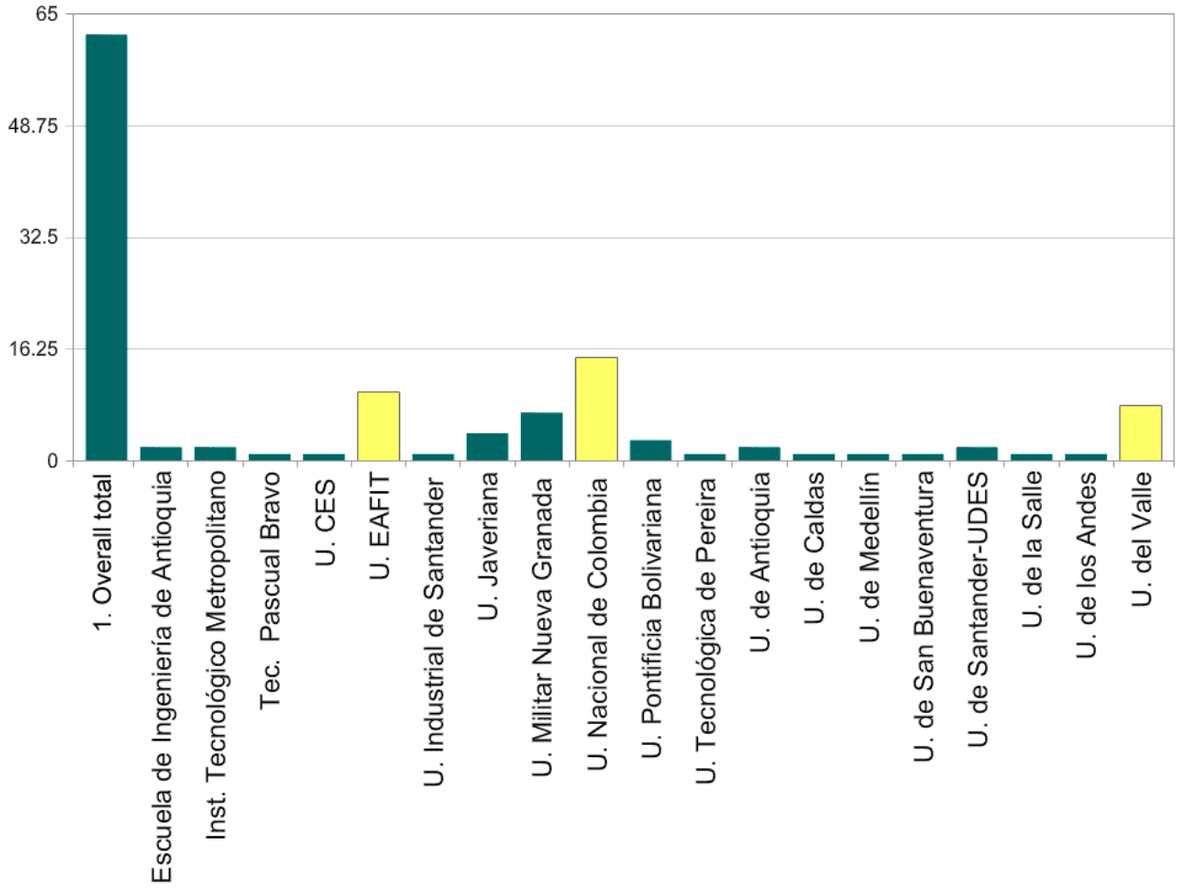

Figure 2. Patent applications filed by Colombian universities[2]

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