National/Regional Group: **Ecuador**

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Questions

1) Relating to Article 2(1)(m) of the November 2017 Draft Convention:

"This Convention shall not apply to the following matters - … [(m) intellectual property rights [and analogous matters]."

a) Should any intellectual property rights be included in the scope of the Convention? Please explain why or why not.

Please answer Questions 1)b)-d) even if you have answered NO to Question 1)a) (you may e.g. have views on the definition anyway, for the event intellectual property rights would be included)

Yes. Intellectual property rights have become very important in the business world and more and more transactions -and therefore conflicts- arise from rights over intellectual property rights. It would be useful to include any intellectual property right but limit disputes covered under the Convention to those dealing with cases which do not challenge the validity of the intellectual property rights, as this would need to be reviewed by the local authorities.

b) Should intellectual property rights be included in the scope of the Convention, what should be included within the concept of "intellectual property"? For example, should the concept of "intellectual property" be limited to the "traditional" intellectual property rights, e.g. patents, designs, trademarks, copyright? Alternatively, should the concept of "intellectual property" also include related rights, such as rights relating to trade secrets, rights arising from licences, unfair competition, etc.? Please explain and specify why or why not certain types of "intellectual property" should be included or excluded.

Yes, Intellectual Property Rights should be included in the scope and not only the traditional Intellectual Property rights but also aspects such as unfair competition, traditional knowledge, plant varieties, geographical indications, border measures and domain names.

c) Do you think the wording "… and analogous matters" is clear enough? Please explain why or why not.

No, do to the fact that that wording is vague and could lead us to an incorrect application by the contracting states.

d) Please provide any proposals regarding the refinement of the wording of Article 2(1)(m) of the Draft Convention.

[(m) intellectual property and those related to the protection and recognition of the intellectual property rights].

2) Relating to Article 5(3)(a) of the November 2017 Draft Convention:

"Paragraph 1 does not apply to a judgment that ruled on an intellectual property right or an analogous right. Such a judgment is eligible for recognition and enforcement if one of the following requirements is met –

(a) the judgment ruled on an infringement in the State of origin of an intellectual property right required to be granted or registered and it was given by a court in the State in which the grant or registration of the right concerned has taken place or, under the terms of an international or regional instrument, is deemed to have taken place[, unless the defendant has not acted in that State to initiate or further the infringement, or their activity cannot reasonably be seen as having been targeted at that State;"

a) Should a judgment that ruled on the infringement of an intellectual property right required to be granted or registered only be eligible for recognition and enforcement if given by a court of the contracting state in which the intellectual property right in question was granted or is registered? Please explain why or why not.

Yes, the judgment should be eligible for recognition and enforcement as the Court of the contracting state has already determined the responsibility within the infringement and due to the rights were already recognized.

b) Should there be an exclusion in the case were the defendant has not acted in that State or their activity cannot reasonably be seen as having been targeted at that State? Please explain why or why not.

No, as the Court of the contracting state has already submitted a decision on regards to the infringement and this authority should have verified the activities of the defendant in that state.

c) Should there be an exclusion in the case of purely inter partes judgments? Please explain why or why not.

No, we believe that an *inter partes* judgment should be recognized and enforced as it is the parts will.

3) Relating to Article 5(3)(b) of the November 2017 Draft Convention:

"Paragraph 1 does not apply to a judgment that ruled on an intellectual property right or an analogous right. Such a judgment is eligible for recognition and enforcement if one of the following requirements is met –

…

(b) the judgment ruled on an infringement in the State of origin of a copyright or related right, an unregistered trademark or unregistered industrial design, and it was given by a court in the State for which protection was claimed [, unless the defendant has not acted in that State to initiate or further the infringement, or their activity cannot reasonably be seen as having been targeted at that State;"

a) Should a judgment that ruled on the infringement of a copyright or related rights, an unregistered trademark or unregistered industrial design, only be eligible for recognition and enforcement if given by a court in the State for which protection is claimed? Please explain why or why not.

Yes, the judgment should be eligible for recognition and enforcement as the Court of the contracting state has already determined the responsibility within the infringement of copyright or related rights and due to these rights were already recognized.

Judgments related to infringement of unregistered trademarks or unregistered industrial design should not be eligible for recognition and enforcement as this may cause legal uncertainty.

b) Should there be an exclusion in the case were the defendant has not acted in that State or their activity cannot reasonably be seen as having been targeted at that State? Please explain why or why not.

No as the Court of the contracting state has already submitted a decision on regards to the infringement and this authority should have verified the activities of the defendant in that state.

On regards to unregistered trademarks or unregistered industrial design there should be an exclusion as explained above.

c) Should there be a requirement that the infringement in question is actionable in both the State in which the judgment was issued, and in the State in which the judgment is sought to be enforced? Please explain why or why not.[1]

[1] There has been a 'double actionability' requirement in the laws of some states. If, for example, the defendant commits acts in state A which amount to a tort in state A but is sued in state B for that tort, does the tort need to be an actionable tort in both states A and B or just in state A? This is especially relevant for territorial rights such as intellectual property rights. In relation to copyright infringement, this question arose in the UK case of *Pearce v Ove Arup Partnership Ltd* [2000] Ch 403, in which the Court of Appeal held that a claim in England for

Yes, it should be a requirement only in copyrights and related rights matters as these rights are worldwide ant the protection of them should be wider.

4) Relating to Article 5(3)(c) of the November 2017 Draft Convention:

"Paragraph 1 does not apply to a judgment that ruled on an intellectual property right or an analogous right. Such a judgment is eligible for recognition and enforcement if one of the following requirements is met –

…

(c) the judgment ruled on the validity[, subsistence or ownership] in the State of origin of a copyright or related right, an unregistered trademark or unregistered industrial design, and it was given by a court in the State for which protection was claimed."

a) Should a judgment that ruled on the validity, subsistence or ownership of a copyright or related right, an unregistered trademark or unregistered industrial design only be eligible for recognition and enforcement if given by a court in the State for which protection is claimed? Please explain why or why not.

Yes, due to the validity or ownership of those intellectual property rights or matters that should be analysed by the state for which the protection is claimed. Before the judgment, the state should evaluate all the requirements for protection by the local law, so the recognition and enforcement of the judgment is the expected consequence.

b) Should there be a requirement that the validity, subsistence or ownership referred to in Article 5(3)(c) is actionable in both the State in which the judgment was issued, and in the State in which the judgment is sought to be enforced? Please explain why or why not.

The judgment must be comprehensive in order to guarantee the rights of the parties and the applicability of local law that determines the validity of the intellectual property rights of article 5 (3) (c).

5) See Article 6(a) of the November 2017 Draft Convention; and also Article 8(3) of the November 2017 Draft Convention:

a) Should a judgment that ruled on the validity of an intellectual property right only be eligible for recognition and enforcement if given by a court of a contracting State in which grant or registration has taken place? Please explain why or why not.

Yes, the judgment should be eligible for recognition and enforcement as the Court of the contracting state has already recognized the intellectual property right.

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infringement of a Dutch copyright was permitted, and in New Zealand in *KK Sony Computer Entertainment v Van Veen* (2006) 71 IPR 179.

b) In your jurisdiction, does the word "validity" subsume "registration"? If not, are they related, and if so, how?

Yes, if a registration is granted the intellectual property right will be considered as valid.

c) Should there be an exception in the case of purely inter partes validity judgments? For example, if validity is subsidiary to infringement and a finding regarding validity is only effective as between the parties in the infringement case, or if the validity judgment only acquires in rem effect once it has been fully appealed and becomes final. Please explain why or why not.

The res judicata should be applied within an inter partes judgment, unless the prior inter partes determination has been done with bad faith or it harms rights of a third party.

6) Should a decision from a body other than a court, such as a branch of government or an Intellectual Property Office, in relation to an intellectual property right required to be granted or registered have the same status under Articles 5(3), 6(a) and 8(3) of the Draft Convention as decisions of a court (particularly in view of the fact that it is not just courts that can revoke intellectual property rights, but e.g. also national and regional offices)? Please explain why or why not.

Yes, since this kind of decisions are issued by specialized staff, therefore they should be recognized and applied since not all the Courts has technical personal in order to analyse issues related to intellectual property rights, namely patents and other rights within this field.

7) Relating to Article 8(3) of the November 2017 Draft Convention:

"However, in the case of a ruling on the validity of a right referred to in Article 6, paragraph (a), recognition or enforcement of a judgment may be postponed, or refused under the preceding paragraph, only where –

(a) that ruling is inconsistent with a judgment or a decision of a competent authority on that matter given in the State referred to in Article 6, paragraph (a); or

(b) proceedings concerning the validity of that right are pending in that State.

A refusal under sub-paragraph (b) does not prevent a subsequent application for recognition or enforcement of the judgment."

a) Should the wording of Article 8(3) of the Draft Convention be adjusted, particularly in view of the fact that in intellectual property matters, it is not just courts that can e.g. revoke intellectual property rights (see also above)? Please explain why or why not.

Yes, the wording of Article 8(3) of the Draft Convention should include all the Authorities besides Court as there are different instance that may revoke intellectual property rights.

b) Please provide any proposals regarding the refinement of the wording of Article 8(3) of the Draft Convention.

"However, in the case of a ruling on the validity of a right referred to in Article 6, paragraph (a), recognition or enforcement of a judgment **or a decision issued by any competent authority** may be postponed, or refused under the preceding paragraph, only where –

8) Should the application of a law other than the internal law of the State of origin of a judgment ruled on an infringement of an intellectual property right be a ground for refusal for recognition or enforcement? Please explain why or why not.

(see Article 7(1)(g) of the November 2017 Draft Convention)

In our opinion, the recognition or enforcement of a judgment should be refused in the case of an intellectual property infringement, inasfar the applied law is essentially different from the local (national) law - where it is intended to be applied-; Even more, taking into consideration that in some countries, the penalties and sanctions with regards to intellectual property infringements are regulated by, or in parallel with, the criminal law.

Unless the applied law refers to a community regulation.

9) See Article 11 of the November 2017 Draft Convention:

a) Should the Convention only cover judgments ruling on an infringement to the extent that they rule on a monetary remedy in relation to harm suffered in the State of origin (in addition to the enforceability of a cost award, see Article 15 of the Draft Convention)? Please explain why or why not.

No, due to the fact that there could exist infringements that do not rule on monetary remedies only.

b) Do you agree with the reformulation of Article 11 (previously 12)? Please explain why or why not.

(see also Article 12 of the February 2017 Draft Convention)

Yes, we agree with the reformulation as we believe that the wording is clear enough, however we insist that it should no be limited only to monetary remedies.

c) If you have answered NO to Question 9)b), how could the wording of Article 11 be refined? Please explain why or why not.

"In intellectual property matters, a judgment ruling on an infringement shall be [recognised and] enforced to the extent that it rules on a monetary remedy in relation to harm suffered in the State of origin".

We will add the following paragraph:

"If the remedy mentioned in paragraph 1 is not feasible and this has been declared so by the competent authority of the State of origin, other kind of measures must be issued in order to restore harm suffered".

10) Should there be a rule, such as res judicata, to prevent the re-litigation of issues which have already been determined by the court of a State? Please explain why or why not.

Yes there should be a rule as res judicata that prevents the ability of a party to bring new legal proceedings or judge once again cases already solved.

a) If YES, should the rule only apply between the same parties, and in relation to issues that have been finally determined with no possible appeals remaining?

Yes the rule must be applied between same parties, same facts and decided by the last Court in order to promote legal certainty.

b) If YES, should res judicata only apply in the case of in rem judgments, or also in the case of inter partes judgments? In particular, should a prior inter partes determination of validity prevent the later re-litigation of validity, e.g. if new prior art is found which is said to invalidate a patent?

The res judicata should be applied in both cases, in rem judgments and inter partes judgment.

The res judicata should be applied unless the prior inter partes determination has been done with bad faith or it harms rights of a third party.

11) To the extent not yet mentioned above (e.g in your reply to question 1) above) do you have concerns in relation to res judicata rules possibly being applicable (e.g. through national laws) should intellectual property be included within the scope of the Draft Convention? Please explain your concerns and potential ways to address those.

Indeed, the res judicata should be included in the intellectual property issues besides the national law trough the Convention.

In case of controversy between the internal and international law the contracting states should apply first the Convention and then the local law.

12) Do you have any other comments (including wording suggestions) in relation to the intellectual property related aspects of the Draft Convention?

Dealing with intellectual property rights in the Convention is not easy, but being able to include them would be a significant step forward in the enforcement of IP rights in different jurisdictions. It may be better to have the Convention only covering economic compensation related to IP rights in trying to have the Convention deal with IP rights. Otherwise, the risk of completely setting aside IP rights would significantly increase.

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Complement to above report (16 July 2018)

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Questions

1) Relating to Article 2(1)(l) of the Draft Convention:

"This Convention shall not apply to the following matters - … [(l) intellectual property rights [, except for copyright and related rights and registered and unregistered trademarks]]."

a) Should any intellectual property rights be included in the scope of the Convention? Please explain.

Yes. Intellectual property rights have become very important in the business world and more and more transactions -and therefore conflicts- arise from rights over intellectual property rights. It would be useful to include any intellectual property right but limit disputes covered under the Convention to those dealing with cases which do not challenge the validity of the intellectual property rights, as this would need to be reviewed by the local authorities.

b) If you answered YES to question 1a, do you think certain intellectual property rights should nevertheless be excluded? If so, which? Please explain.

We do not believe it would be an issue of which intellectual property rights may be covered by the Convention, but rather what type of conflicts involving intellectual property rights shall be covered (as explained in the answer to a) above.

2) Relating to Article 12 of the Draft Convention:

"A judgment granting a remedy other than monetary damages in intellectual property matters shall not be enforced under this Convention."

a) Should the Convention only cover judgments exclusively granting a remedy consisting of monetary damages? Please explain.

As mentioned above, we believe it would be possible to cover a broader scope of conflicts involving intellectual property rights, as long as issues pertaining to the validity of the rights are carved-out from the Convention.

Alternatively, the Convention could be limited to cover exclusively monetary damages, as in this way it seems easier to reach consensus.

b) Should the Convention cover judgments which grant, amongst other remedies, a remedy consisting of monetary damages? If so, please explain and specify whether the Convention should in these cases only cover the remedies in a judgment granting monetary damages or the whole judgment including non-monetary damages.

Please refer to above answers.

3) Relating to Article 5(1)(k) and (m) of the Draft Convention:

"A judgment is eligible for recognition and enforcement if one of the following requirements is met – … (k) the judgment ruled on an infringement of a patent, trademark, industrial design, plant breeder's right, or similar right required to be granted or registered and it was given by a court in the State of origin in which the grant or registration of the right concerned has taken place, or is deemed to have taken place under the terms of an international or regional instrument[, unless the defendant has not acted in that State to initiate or further the infringement, or their activity cannot reasonably be seen as having been targeted at that State]; … (m) the judgment ruled on an infringement of copyright or related rights, [or use-based trademarks, trade names, or unregistered designs] [or other intellectual property rights not required to be registered] and the right is governed by the law of the State of origin, [unless the defendant has not acted in that State to initiate or further the infringement, or their activity cannot reasonably be seen as having targeted at that State];"

Should a judgment that ruled on the infringement of an intellectual property right only be eligible for recognition and enforcement if given by a court of a contracting state the law of which governs the right concerned (i.e. the country where the right is registered etc.)? Please explain.

Yes. Although we believe the scope could be broader, by applying such limitation, it would be easier to enforce the judgment and avoid exceptions based on public policy.

4) Relating to Article 5(1)(l) of the Draft Convention:

"A judgment is eligible for recognition and enforcement if one of the following requirements is met – … (l) the judgment ruled on the ownership or subsistence of copyright or related rights, [or use-based trademarks, trade names, or unregistered designs] [or other intellectual property rights not required to be registered] and the right is governed by the law of the State of origin;] "

Should a judgment that ruled on the ownership of an intellectual property right only be eligible for recognition and enforcement if given by a court of a contracting state the law of which governs the right concerned (i.e. the country where the right is registered etc.)? Please explain.

Yes, since dealing with ownership of rights is extremely influenced by local law and public policy rules.

5) Relating to Article 6(a) of the Draft Convention, which is an exception to Article 5:

"Notwithstanding Article 5 – (a) a judgment that ruled on the registration or validity of a patent, trademark, industrial design, plant breeder's right, or similar right required to be granted or registered shall be recognized and enforced if and only if the State of origin is the State in which grant or registration has been applied for, has taken place, or is deemed to have been applied for or to have taken place under the terms of an international or regional instrument;]"

Relating to Articles 6(a) and 8(3) of the Draft Convention:

Article 8(3): *"However, in the case of a ruling on the validity of a right referred to in Article 6, paragraph (a), recognition or enforcement of a judgment may be postponed, or refused under the preceding paragraph, only where – (a) that ruling is inconsistent with a judgment or a decision of a competent authority on that matter given in the State referred to in Article 6, paragraph (a); or (b) proceedings concerning the validity of that right are pending in that State."*

Should a judgment that ruled on the registration or validity of an intellectual property right only be eligible for recognition and enforcement if given by a court of a contracting state the law of which governs the right concerned (i.e. the country where the right is registered etc.)? Please explain.

Yes, since dealing with the validity of rights is extremely influenced by local law and public policy rules.

6) Relating to Article 7(1)(g) of the Draft Convention:

"Recognition or enforcement may be refused if – (g) the judgment ruled on an infringement of an intellectual property right, applying to that right a law other than the law governing that right."

Should the application of a law other than the law governing a particular intellectual property right, be a ground for refusal for recognition or enforcement? Please explain.

No. We believe that if validity of the intellectual property right is excluded from the litigation, it is possible to review enforcement with a different set of rules.

7) Should, for a judgment to be eligible for recognition and enforcement, all appeal options in relation to the judgment have been exhausted? Please explain.

Yes, this would guarantee the rights of the parties and public policy principles.

8) Do you have any other comments?

Dealing with intellectual property rights in the Convention is not easy, but being able to include them would be a significant step forward in the enforcement of IP rights in different jurisdictions. It may be better to have the Convention only covering economic compensation related to IP rights in trying to have the Convention deal with IP rights. Otherwise, the risk of completely setting aside IP rights would significantly increase.