

## The Franchise in Bolivia

### THE FRANCHISE IN BOLIVIA

Bolivia is a country with great possibilities for the development of franchises in virtue of its general growth and development potential. There are a lot of economy sectors that have very little concurrence and with great commercial opportunities. In the last years there have been many changes in Bolivia, like for the example, the construction of malls, a major presence of foreigners and the increase of the purchase power of the Bolivian people.

The power and size of the trademark of the franchise does not assure its success in Bolivia, like for example, Mc Donald's after opening its first franchise in 1997 had to close just in 2002. The facility to adapt and modify to the circumstances in the country would be the main quality of a successful franchise.

Argentinean franchises are the ones with a major presence in the Bolivian market, followed by American franchises.

Some of the main franchises in Bolivia are: Muaa, Lolita, Dulces Jessen, United Colors of Benetton, Burger King, Havanna, London Tie, Subway, Totto and Sweet.

Although there are many benefits for franchising, there are as well some disadvantages like for instance the excessive corruption in customs; making it very common the missing of merchandise or its substitution. This has led to many franchises to receive its merchandise via Chile, but because of the limited infrastructure in Bolivia, the duration of this route is approximately one and a half month. This should be taken into account when assuring a reception of the merchandises in time.

It is also worth mentioning the existing 35% tariff on textile products that enter Bolivia, via Europe.

There is no specific franchise law in Bolivia, so the main source of obligations in a franchise relation is the franchise contract itself. Nevertheless there is a Trademarks law and also, since Bolivia is part of the Andean Community, the decision 486 in the matter of Intellectual Property of the Andean Community, has full validity and applicability.

### TRADEMARKS LAW

The Trademarks Law (Ley de Marcas) in Bolivia, specifically article 12, establishes the general requirements for registering a trademark in the Industrial Property Office of Bolivia.

Article 18 establishes the obligation to renew the register of the Trademark every 10 (ten) years and if the power of attorney to do it was given in France, it will have to be properly legitimized.

### DECISION 486 IN THE MATTER OF INTELLECTUAL PROPERTY

As mentioned above, Bolivia is part of the Andean Community along with Colombia, Ecuador and Peru. This Community has established many laws in diverse matters, one of them being Intellectual Property. (Decision 486)

Most of its content has been established in the Trademarks Law of Bolivia, except for:

- A disposition that allows the owner of a trademark to license its use to other persons. Said license must be registered in the corresponding Intellectual Property office of the member country, in this case being the Industrial Property Office of Bolivia.
- The time of response of said office is 15 (fifteen) days maximum. If the request is missing some requirements, the office will notify the interested, so that in a period of 70 (seventy) days following the notification, they can make the necessary amendments.
- The consequence mentioned in the law of failure to register the license is that said license wouldn't be opposable to third parties, making it impossible to sub-license with other parties.

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