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**World
Trademark
Review**

Anti-counterfeiting 2010

Contributing firm
Becerril, Coca & Becerril, SC



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Legal framework

The applicable legislation governing the prevention of counterfeiting in Mexico is mainly as follows:

- the Industrial Property Law;
- the Federal Criminal Code;
- the Copyright Law; and
- the Customs Law.

Depending on the matter involved, these laws – alone or in combination – provide rights holders with the necessary tools to take legal action against counterfeiting in order to seize illegal merchandise, obtain preliminary injunctions and prosecute criminal, administrative and civil actions to seek appropriate remedies against infringement.

Border measures

Customs officers inspect the contents of containers that arrive in Mexico as their

final destination, or that pass through the country in transit to another destination, in order to detect counterfeit merchandise. However, Customs has no official database which can be consulted in order to review the information of trademark owners or licensees. Instead, it works with an informal database containing information collected from past actions and details which some trademark owners have provided informally about their portfolios.

It is expected that Customs will soon launch an official database of trademark information, to be established with the assistance of the Mexican Institute of Industrial Property, which it can consult when potentially counterfeit merchandise is detected. This anticipated collaboration between the two authorities should improve the efficiency of the process, giving Customs immediate access to detailed information about trademark owners, licensees and their representatives. This in turn will allow rights holders and their representatives to be contacted promptly so that they can initiate the appropriate legal actions.

Customs cannot proceed against counterfeit goods unless the trademark owner has initiated a corresponding legal action in order to obtain seizure of the counterfeiting merchandise. Therefore, Customs must be swift in contacting the trademark owner, since it has limited time to detain the merchandise if a legal action is not initiated.

In this regard, in order to ensure efficient border measures it is crucial that rights holders provide Customs with the details of their trademark portfolio, as well as information on who can take action on their behalf, so that their representative can be contacted promptly and in sufficient time to move swiftly against counterfeit merchandise detected at the borders.

Criminal prosecution

The Industrial Property Law, together with the Federal Criminal Code, establishes those activities in relation to counterfeiting which are considered as crimes. All criminal actions must be initiated before the General Attorney's Office, which will prosecute and

integrate the official file before it is sent to a federal court .

According to Mexican law, some counterfeiting crimes can be prosecuted *ex officio* and some can be prosecuted only if the injured party complains to the competent authorities. In light of this, when a rights holder becomes aware of the existence of counterfeit goods that directly affect its trademark, it must file a criminal petition with the General Attorney's Office.

Criminal actions are typically initiated:

- where counterfeit goods are detected by Customs, with the object of seizing the consignment and preventing the goods from entering the Mexican market; and
- once counterfeit goods have already entered the market, where raids are conducted at specific premises where the counterfeit goods are being stored or sold.

In a criminal action the merchandise is provisionally seized as soon as it is detected and remains in custody until a final decision has been issued ordering its destruction.

Once the action has been initiated and the merchandise seized, a prosecutor at the General Attorney's Office will investigate the merits of the case, recovering all information, evidence and expert opinions necessary to decide whether to prosecute.

If this is found to be the case, the official file will then be submitted to a criminal federal court, which will review all the evidence in order to determine whether the crime was committed.

As the federal judge will base his or her decision on the file submitted by the General Attorney's Office, it is crucial that this file is created properly and includes all possible evidence and information in support of the rights holder's position.

A key advantage of a criminal action is that the counterfeit merchandise is seized from the very outset. Therefore, even if the decision takes some time to be issued, the rights holder will succeed in keeping the counterfeit merchandise off the market.

The main remedies available in criminal actions are destruction of the counterfeit goods and imprisonment of the counterfeiters, depending on the crime.

Civil enforcement

According to the applicable legislation, civil actions against violations of IP rights can be initiated only once the Mexican Institute of Industrial Property has issued an administrative decision declaring the infringement of an IP right. Such decision is the consequence of a full administrative proceeding prosecuted as a kind of trial, and must be definitive and beyond appeal.

In this regard, before commencing a civil action the rights holder must initiate an administrative action against the infringer before the Mexican Institute of Industrial Property. Enclosed with the initial brief, or even before the brief is filed, the rights holder can request preliminary measures which, in the case of counterfeit goods, might include seizure of the suspect

merchandise or a prohibition against its sale or distribution.

Different types of preliminary injunction can be requested before, at the same time as or after the administrative action is filed. These will be granted and implemented by the Mexican Institute of Industrial Property if the rights holder satisfies the following requirements:

- It posts a bond to warranty possible damages to the infringer if, at the end of the proceeding, it does not obtain a favourable decision declaring that an infringement has been committed.
- It proves the existence of its IP right.
- It proves that either:
 - the IP right has been violated;
 - it is highly probable that the IP right will be violated;
 - the evidence proving such violation will be destroyed; or
 - irreparable harm may be suffered as a result of the violation.
- It provides the authorities with the information necessary to identify the counterfeit merchandise.

As in criminal actions, even if the administrative proceeding takes a long time to be decided, the preliminary injunction imposed at the outset will prevent the infringer from continuing to distribute and sell the illegal merchandise.

However, in administrative proceedings the infringer is entitled to file a counter-bond to suspend the effects of the

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preliminary injunctions. This can be filed at any time after the preliminary injunction has been implemented.

The criteria for determining the amount of the bond and the counter-bond are not stated in the applicable law. Consequently, the Mexican Institute of Industrial Property determines the amount of such bonds depending on the merits of the case. The counter-bond is usually set at double the amount of the original bond filed by the rights holder.

In the case of administrative actions, it is thus possible that the preliminary injunctions can be suspended if the infringer files a counter-bond; but this counter-bond is intended to warranty possible damages to the rights holder that may be caused by this suspension.

This type of administrative proceeding takes at least three years to be finally decided. Once the administrative decision has been issued, it is then possible to initiate a civil action to seek damages from the infringer for violation of the IP right.

The applicable legislation expressly states that damages for the violation of IP rights must be awarded for at least 40% of the sale price of the products. This rule should therefore be taken into account by civil judges when they are calculating the amount of damages to be awarded for IP rights violations.

As the civil action is prosecuted through a full trial, with further instances of appeal, it may take some considerable time for the rights holder to obtain a final decision; but sufficient tools are nonetheless provided for the recovery of damages.

Anti-counterfeiting online

Mexican law does not recognize specific online counterfeiting crimes or provide specific penalties for such activities. However, this does not mean that it is not possible to take action against online violations of IP rights.

Certain provisions in the applicable legislation can also apply to online counterfeiting and may be used to combat such activities. However, the appropriate strategy must be evaluated on a case-by-case basis in order to determine the most suitable action.

Preventive measures/strategies

Rights holders and their representatives must move swiftly as soon as a violation is detected because of the short timeframe they have to take action before the authorities are required to release the merchandise; they cannot continue to detain it if a legal action is not initiated. It is thus recommended that both rights holders and their representatives have ready all information and documentation necessary to take action at any time (eg, the proper power of attorney, information on licensees and distributors, details of the ports where original merchandise normally enters the country, full details of the trademarks and the products they protect).

The representatives must also be fully familiar with the particulars of the genuine merchandise, so they can easily and timely determine whether the merchandise is counterfeit. Such a prompt reaction will enable the rights holder to be informed quickly of instances of counterfeiting and

reduce the risk of counterfeit merchandise being mistakenly reported as genuine.

Rights holders and their representatives should also maintain close communications with Customs, in order to teach officers about the characteristics of genuine or fake merchandise and keep them updated of any changes to or of new information about their IP portfolio.

Finally, rights holders and their representatives should also ensure that they tackle the most important cases, in light of the size of the consignment or other factors (eg, if the counterfeit merchandise is offered for sale at a location which might harm the image and prestige of the rights holder). A cleverly thought-out strategy will help the rights holder to keep the costs of anti-counterfeiting initiatives down, while still ensuring that such activities are as effective as possible. [WTR](#)

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Mr Amaro is a member of the Mexican Association for the Protection of Intellectual Property, the Mexican Bar Association and the International Chamber of Commerce. He has participated in several forums on IP matters and has published articles in different media. He has experience in trademarks and copyright, administrative proceedings and constitutional actions. He practises in the areas of IP litigation, enforcement and anti-counterfeiting.