

SUSPENDING THE CIRCULATION OF FOREIGN COUNTERFEIT GOODS



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In order to comply with obligations that Mexico acquired under international treaties—specifically those under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)—Mexican legislators established an administrative procedure in the IP Law and Customs Law for suspending the free circulation of foreign counterfeit trademark goods that are detected at customs.

The Mexican IP Law and Customs Law allow the holder of a trademark registration to request the Mexican Institute of Industrial Property (MIIP)—the administrative authority that grants patents and trademarks in Mexico—to order the suspension of the free circulation of foreign goods on the presumption that such merchandise violates its IP rights. This is done through an official communication addressed to the customs authorities.

In order to request a suspension, the trademark holder must comply with various requirements established in the IP Law and Customs Law. The most important requirements are that the trademark holder:

- (i) Prove the ownership of an IP right
- (ii) Prove the existence or imminence of a violation to his IP rights
- (iii) Provide a bond that can cover damages that might be caused to the importer of the alleged counterfeit goods, and
- (iv) Provide information related to the importer and the alleged counterfeit goods, such as the importer's name, a description of the counterfeit merchandise, the customs authority through which the counterfeit merchandise is expected to enter into Mexico, the estimated time of arrival of the counterfeit merchandise into Mexico, etc.

If these requirements are not fulfilled by the trademark holder, the MIIP cannot order the suspension of the free circulation of the foreign counterfeit goods; therefore, the customs authorities must allow their entrance and free circulation in Mexico.

However, if the trademark holder complies with the requirements, the MIIP will order the customs authorities to suspend circulation of the merchandise.

Once the free circulation of the alleged counterfeit goods is suspended by the customs authorities, the trademark holder must file an infringement action against the importer of the goods before the MIIP within 20 working days. Otherwise, the suspended merchandise will be released and the trademark holder will be obliged to pay the damages caused to the importer by the suspension.

If the trademark holder files an infringement action within 20 days, the MIIP will serve notice to the importer of the infringement action and grant him a

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term of 10 working days to respond. Once this has occurred, the MIIP will grant the parties a common deadline by which to file their final pleadings before issuing its decision.

The MIIP can issue two possible rulings: it could determine that the importer has violated the IP rights of the trademark holder, imposing penalties established in the IP Law, which range from a fine or an administrative arrest to the permanent closure of the infringer's business, or it could deny the infringement.

Even though this administrative procedure was established in the Mexican IP Law and Customs Law more than a decade ago, it has not been requested by any trademark holder in the past. This is because the MIIP, as a consequence of its backlog, does not promptly issue the admittance of the suspension request nor the official communication addressed to the customs authorities ordering the suspension.

This has led to the administrative procedure falling into disuse. Trademark holders have usually opted to file criminal actions before the General Attorney's Office against the import of counterfeit goods.

Despite this, the situation appears to be changing. Recently, the MIIP has begun issuing the admittance of the suspension request in due time, as well as the official order to the customs authorities to suspend the free circulation of foreign counterfeit goods.

As a result, it seems that this administrative procedure, which is established in both the Mexican IP Law and Customs Law, can be another legal solution for trademark holders to combat the import of foreign counterfeit goods into Mexico.

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