

EU-Mexico Trade Committee - Intellectual Property

The International Trademark Association (INTA) is a global association of brand owners and professionals dedicated to supporting trademarks and complementary intellectual property rights (collectively, “IP”) to foster consumer trust, economic growth, and innovation, and committed to building a better society through brands. Members include nearly 6,000 organizations, representing more than 33,500 individuals (trademark owners, professionals, and academics) from 181 countries (including 92 in Mexico), who benefit from the Association’s global trademark resources, policy development, education and training, and international network. Founded in 1878, INTA is headquartered in New York City, with offices in Beijing, Brussels, Santiago, Singapore, and the Washington, D.C. Metro Area, and representatives in Amman, and New Delhi.

INTA is pleased to provide comments to the EU-Mexico Trade Committee in relation to the enforcement of IP rights in Mexico. As a private sector association, we have identified challenges and opportunities for strengthening the IP landscape. In particular, we note that improvements to the country’s IP infrastructure would help attract more investments and encourage development of small- and medium-sized enterprises (“SMEs”) as vital contributors to economic growth.

1. Enforcement of intellectual property rights

(A) Judicial and administrative proceedings

Although redress for IP infringement can be sought before a civil/commercial judge with the aim of pursuing damages recovery, there is still a need to develop judges’ understanding of IP.

The current IP law (Federal Law for the Industrial Property Protection (“FLIPP”)) has been in force since 2020. Certain “novel” provisions were introduced by the FLIPP, e.g., the possibility for the MPTO to study and resolve damages proceedings related to the infringement of IP rights; however, in the absence of new Implementing Regulations, which remain pending, or amendments to the current ones, it is not possible for the MPTO to implement such proceedings. INTA encourages the local authorities to fast-track the issuance of the new Implementing Regulations. The issuance has been delayed for almost 4 years.

INTA notes that MPTO’s ability to conduct litigation cases on an efficient basis has not fully recovered since the COVID19 pandemic. INTA commends the MPTO’s willingness to manage more cases, however there appears to be a need for more dedicated personnel to address backlog concerns. Rights owners stand ready to provide capacity building and facilitate exchanges of best practices to enable more efficient case disposition.

(B) Border measures

INTA compliments Mexico on implementing border measures to combat the importation and exportation of counterfeit goods. Indeed, the Customs Law empowers customs authorities to inspect and detain goods suspected of infringing IP rights at the border. Rights holders can request Customs to act by filing a petition and providing evidence of their IP rights. If counterfeit goods are detected, customs can suspend the release of the goods, notify the rights holder, and initiate administrative proceedings. Additionally, Mexico has agreements with other countries for mutual assistance in enforcing IP rights at the border.

However, the Attorney General's Office ("AGO") continues to maintain a position of refusing to act against shipments destined for locations other than Mexico, as a result of which criminal investigations are only pursued if the counterfeit products are destined for Mexico.

In practice, MPTO offers full readiness to act immediately upon requests for border measures, and seeks to simplify the processes for IP holders, within its competence. Furthermore, the MPTO maintains the position that it can seize products identified as transshipment cargos.

INTA recommends that the authorities clarify the role of each entity involved in the seizure of products. Exploring the possibility of granting Customs the authority to seize or destroy infringing goods and making it responsible for the corresponding proceedings will result in a more efficient IP rights enforcement system in Mexico.

There are several areas of opportunity regarding the efficiency of Customs seizures. The following opportunities would improve and strengthen the relationship between Customs Authorities and brands: Recording the right holder's trademarks before Mexican Customs; Responding to customs alerts; Taking legal action as much as possible; Following up on the seizure of the goods in those cases in which the right holder has decided to take legal actions; Participating actively in Customs training programs; Attending Customs Authorities guidelines; Fully complying with the Law; Cooperating with IP relevant authorities. (for more information please check our [Best Practices for Working with customs Around the World](#))

With regards to administrative actions, the payment required by Fiscal Precincts or Taxed Areas for containers located in Customs facilities is an impediment. This payment is related to logistics or maneuvers to be carried out for handling containers at the time of inspection visits carried out by the MPTO. The fees include:

- Travel expenses for MPTO's Office (at least one).
- Travel expenses for a representative of the trademark owner.
- Costs related to external warehouse storage of the seized products (required due to the unreasonably high cost of storing goods in warehouses located in Fiscal Precincts or Taxed Areas.
- Logistics/maneuvers cost in connection with the handling of containers.

These costs put a huge burden on brand owners and especially SMEs for enforcing their rights. INTA recommends transparency and regular engagement with stakeholders to explain strategy and to streamline the system.

(C) Destruction of goods

Goods seized through criminal actions do not result in a cost for the IP holder, however, the products are not seen again by the IP holder once the seizure is decreed. Goods seized by the AGO are stored at one of their official warehouses until the criminal investigation concludes, and they are subject to the INDEP's disposition (formerly SAE). This entity is in charge of managing the Government's assets and properties and determines the final destination of the goods secured by the State.

Unfortunately, it is to be noted that although the Law (Ley Federal para la Administración y Enajenación de Bienes del Sector Público) is clear on the fact that all goods proven to be counterfeit must be destroyed, it seems that the authorities may be inclined to return such goods to the market, through "welfare markets" in disadvantaged areas of the country. This approach could contribute to future investigations and legal actions on the same products.

Thus, upon a finding of infringement through either judicial or administrative proceedings, Mexican authorities have the authority to order the destruction of counterfeit goods. This serves as a warning against further infringement and helps protect the rights of IP owners. The destruction process is supervised to ensure that the counterfeit goods are disposed of properly and do not re-enter the market. Destruction orders are typically issued by the courts following judicial proceedings or as part of administrative enforcement actions.

INTA recommends destruction of goods. In addition, INTA members are aware of the environmental, health and safety implications of regular destruction procedures, and encourage customs authorities to explore sustainable alternatives in the process of the destruction of counterfeits.

2. Role of the Attorney General's Office (Fiscalía) in the fight against counterfeiting and piracy.

INTA appreciates that prosecutors and personnel from the AGO have been invited to attend various training sessions and educational events.

INTA notes that the AGO remains reluctant to conduct raids and seizures of counterfeit goods as it considers most of the offenders to be part of vulnerable social groups. Moreover, budget restrictions on providing resources to the Specialized IP Unit (UEIDDAPI) are still in force.

Furthermore, the burdensome criteria adopted by the AGO appear to be focused on reducing the number of counterfeit and piracy cases rather than reducing the numbers of counterfeit products being sold/imported/distributed in Mexico. For example:

- Cases are closed based on a small number of products criteria instead of investigating further.
- Narrow criteria related to IP expert appraisals and the request for genuine samples to rule on the counterfeit status of detained goods continue to be a persistent hinderance to cases moving forward efficiently.
- The AGO requires that rights owners submit a genuine specimen for each open investigation. This position results in a significant delay as it is impossible for rights holders to provide an item per case especially where there is no corresponding genuine product available.

Article 402 of the Federal Law for the Protection of Industrial Property Rights that came into force in 2018 was modified from the previous Law establishing the definition for “falsification of a trademark” stating that *“In order to prove counterfeiting, it shall suffice that the mark is used in an identical form or in such a way that it cannot be distinguished in its essential aspects from the way it appears in the registration title, or distinguishable in its essential aspects from the way it is represented in the registration title or, where appropriate, in the decision that estimates or declares its notoriety or fame;”* INTA members have concluded that there is no need to provide a genuine sample when the Law itself is clear that the allegedly counterfeited trademark should be analyzed in comparison with the trademark certificate, but the AGO still maintains its ungrounded criteria.

Finally, the sale of counterfeit pharmaceutical products and medical devices is a huge concern for the industry and the Mexican population. These products are usually sold in dangerous areas so conducting an inspection visit with the Mexican Trademark Office would be unsafe and unfeasible. Members report that the AGO has refused to execute raids in these cases even when a rights owner has presented evidence confirming the sale of counterfeit goods, their location, and sometimes even with studies that prove that the counterfeit goods may put the health and safety of consumers at serious risk.

We welcome the opportunity to provide further comments to support this important topic as it develops. Please contact the following: Tat-Tienne Louembe Chief Representative Officer, Europe and IGOs tlouembe@inta.org