

# Amendments to Mexico's IP Regulations

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Intellectual Property regulations in Mexico were recently modified due to the amendments to the Industrial Property Law (IPL) that were published the past January 27, 2012 in the Mexican Official Gazette, and became effective on January 30, 2012.

The amendments to the IPL include changes in connection with the service of notice of official communications issued by the Mexican Institute of Industrial Property (MIIP), the legal implications of disallowing the practice of a visit of inspection to the MIIP's commissioned inspectors, the inclusion of new causes for infringement of IP rights, as well as a new penalty for those infringement actions committed with the knowledge that an infringement was being committed.

## ***a. Changes in connection with the service of notice of official communications.***

The aim of this amendment was to improve and hasten the way on which notices are served to particulars, specifically when notifications, according with what is established in article 194 of the IPL, can not be conducted in the domicile indicated in the official file or in a litigation proceeding.

In accordance with this article notifications will be conducted by means of publications in the Mexican Official Gazette and also in one newspaper with large circulation in Mexico.

Now, the amendment foresees in article 183 of the IPL that not only in these cases but also in those on which the defendant in a litigation proceeding has not submitted a response to the corresponding legal action, the notification will be conducted through the boards located at the premises of the MIIP and also through the Official Gazette of the Mexican Industrial Property.

Accordingly, the article 194 of the IPL remains in force and thus, coexists with the amended article 183 of the IPL, which means, that the above stated notifications, shall be conducted not only by means of publications into the Mexican Official Gazette and in a newspaper of large circulation in Mexico but also, through the board located at the premises of the MIIP and also, through the Official Gazette of the Mexican Industrial Property.

Therefore, the coexistence of the aforementioned articles arises as an important issue of this amendment, since it implies that notifications that can not be conducted in the domicile indicated in the official file or in a litigation proceeding shall be conducted by means of four different publications instead of two, which not improves nor hastens the prosecution of IP matters before the MIIP.

For this amendment to achieve its objectives, it is essential that the MIIP authorities determine the criterion that will be applied; this is, to clarify which of the above stated articles of the IPL will prevail so as to serve notice to particulars in these kind of cases.

Likewise, attending to the amendment, it will be essential for the administrative authorities of the MIIP to promptly implement a new operative method that allows them to comply with the provisions stated in article 183 of the IPL, considering that in addition to the publication into the Official Gazette of the Mexican Industrial Property, this article also involves the notification to particulars through the board located at the premises of the MIIP, which in fact, is not a system currently used by this Institute.

For the implementation of this new operative method, it will be essential the active participation of particulars and the MIIP authorities, since these new notifications imminently involve a burden for both of them. For the MIIP authorities due to the implementation of the use of the board located at the Institute premises. As to particulars, since they will be obliged to frequently attend to the MIIP's premises to review the board located there and also, to review the Official Gazette of the Mexican Industrial Property, in concrete, to the section related with this kind of notifications.

### ***b. Legal implications of opposing a visit of inspection***

In essence, a second paragraph was incorporated to article 206 of the IPL, in order to include the hypothesis of when the access of the MIIP's commissioned personnel into an establishment subject of inspection is denied, or when by any means there is an obstruction to the performance of the inspection diligence, this will be put into record, and the facts claimed within the corresponding administrative proceedings shall be hold true.

Even when this was not formally included within the IPL, or any other IP regulation in force in Mexico, it was common and accepted practice for the MIIP to understood any obstruction or disallowance to the diligence so-called "*visit of inspection*" as a tacit acknowledgment that those facts accused through the proceeding were accepted as true.

This means that if an IP right holder files an infringement action requesting the imposition of any of the preliminary injunctions foreseen in the IPL, which are imposed after a visit of inspection is conducted, and the proprietors or personnel in charge of the establishment where the presumably infringing products or services are being manufactured, stored, distributed or sold deny the access to their premises of the MIIP's commissioned inspectors, that what was claimed as a fact within the complaint of the infringement action shall be deemed as true.

Although it is clear that the facts accused within an administrative proceeding shall be deemed as true when the imposition of preliminary injunctions was requested along with the filing of the complaint, and during the corresponding visit of inspection the access to the premises was denied, it remains unexplored whether this penalty would be applied in an "*a priori*" fashion for those cases on which, in terms of article 199 BIS 3, subsection II, of the IPL, preliminary injunctions are requested prior to the filing of the complaint of an administrative proceeding, or else would only be applicable in connection with visits of inspection conducted in furtherance to the filing of an administrative proceeding's complaint.

The abovementioned amendment is without a doubt inclined towards the holders of IP rights. Particularly, since it grants them legal certainty in respect with the prompt and expedite enforcement of their protected rights against third infringing parties, who despite not being previously allowed-to, they are now impeded to oppose or obstruct the performance of a visit of inspection, under penalty of having the accusations of the corresponding action be hold as true.

On the other hand, the amendment of reference demands for corporations to educate their personnel on the consequences involved on denying a visit of inspection (*in order to avoid the damaging consequences*).

### **c. New causes for infringement of IP rights**

As of January 30, 2012, the following were incorporated as causes for infringement within article 213 of the IPL:

- (i.) When the holder of a patent, or its licensee, user or distributor, initiate infringement proceedings against one or more third parties, once the Institute has determined, in a prior administrative proceeding and through an enforceable judgment, the inexistence of the same infringement;
- (ii.) Obstruct the access of the commissioned personnel to practice visits of inspection, in terms of article 206 of this Law;
- (iii.) Not furnish information, without just cause, and data to the Institute when it requires them in exercise of the authorities set forth in subsection I of article 203.

Although the first of the abovementioned new grounds for infringement appears to serve the purpose for which it was presumably raised to law, which is to narrow the filing of unfruitful infringement actions, it is questionable if the rest of the instituted causes aim to accomplish a more effective and consistent IP system in Mexico, or would instead detract it.

According with the recent amendments to the IPL, the act of opposing or disallowing a visit of inspection shall be deemed not only as a tacit recognition of the facts claimed by the plaintiff in the administrative infringement action that corresponds, but also as a new and independent ground for infringement.

Now, since visits of inspection and summons of information are commonly conducted by the MIIP during the due course of a pending administrative proceeding, for the "*ratio legis*" of said actions, according to article 203 of the IPL, is to verify the fulfillment of the provisions set forth in the IPL, the first question that arises is whether the new causes for infringement correlative to the obstruction of a visit of inspection and the non-furnishing of information and/or data would be then "*ex officio*" added to the original administrative proceeding, or shall be claimed throughout an independent infringement action filed by an interested party.

A second question yet to be defined by the MIIP's criteria and practice, is if the incorporation of the non-furnishing of information and/or data as a cause for infringement of those listed under article 213 of the IPL, opens the gate for third authorities to be summoned as defendants within infringement proceedings, when summons of information and/or data have been addressed to them and remain unanswered "*without just cause*".

### **d. New penalty for knowingly-committed infringement**

A new penalty for those infringement actions committed with the knowledge that an infringement was being committed was established within the IPL's recent amendments. In concrete, article 220 was modified to incorporate a penalty for "*knowingly-committed*" infringements, which as set forth within the new text of article 220 of the IPL, shall be understood when the infringer acknowledged the existence of exclusive IP rights due to the use of the legends established in the IPL (*i.e.* MR, ©, ®), the publication in the Official Gazette of Industrial Property, the publication in a newspaper of national circulation or throughout a notice with acknowledge of receipt.

The penalty incorporated to article 220 of the IPL for the cases of "*knowingly-committed*" infringement, is of double the amount of the fine imposed for the base infringement conduct.

However, considering that the effects of the use of the legends established in the IPL, as well as of publicly announcing in the Official Gazette of Industrial Property or a newspaper of national circulation,

is for third parties to acknowledge the existence of granted IP rights, it can be inferred that, as a consequence of this amendment, all infringement punishments shall be doubled upon this basis.

While the amendments to the IPL regarding the service of notice of official communications implies an introduction of a new operative method for the MIIP, which imminently involves a burden for both, the MIIP authorities and the particulars, the formal addition of a paragraph wherein the sanction of disallowing the MIIP's commissioned inspector to conduct an inspection diligence is expressly foreseen, only constitute the materialization of a practice that "*de facto*" was already being exercised by the competent administrative authorities and thus was accepted by the particulars as a non-written or consuetudinary rule.

The addition of new causes of infringement and of penalties related to these on the other hand represents a rather questionable improvement on Mexico's IP legal system. Mainly, because it is uncertain the time and fashion on which the infringement action based on any of these novel grounds for infringement would have to be exercised, or whether they are opening the gate for third authorities to be summoned as defendants within infringement proceedings or not.

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