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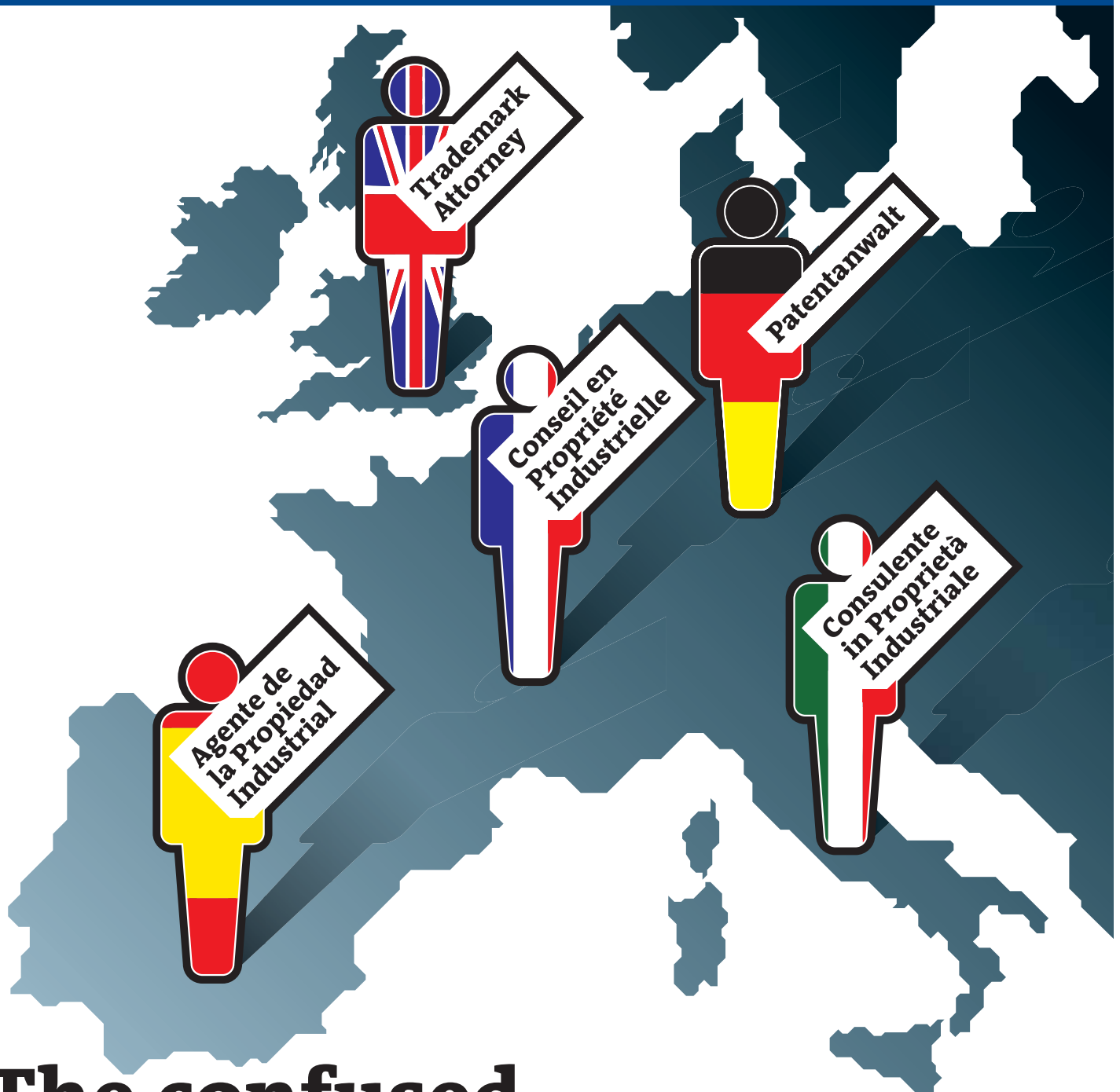
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Enforcement in Mexico: are preliminary injunctions in unfair competition actions really available?

1994 saw amendments to the Law on Industrial Property which introduced the possibility of filing for a preliminary injunction in industrial property matters for the first time in Mexico. While these injunctions have been very useful in strengthening the enforcement regime, a number of issues remain to be resolved relating to their use in unfair competition actions

In 1994 the Law on Industrial Property was amended to include, for the first time in the history of industrial property law in Mexico, the possibility to request and implement preliminary injunctions in industrial property litigation. Since the amendment, the Mexican Institute of Industrial Property (IMPI) has granted to plaintiffs a great number of injunctions that have proved to be very helpful in the fight against counterfeiting and the violation of industrial property rights.

While the Law on Industrial Property contemplates a number of different industrial property rights, such as trademark registrations and patents, there are some other types of right that have no direct or concrete protection but that can be enforced through unfair competition actions. There are two different types of right that are protected under Mexican industrial property law: those that need to be granted by means of a certificate of registration or a letter patent and those which are recognized by law, without the need for registration, namely: industrial secrets, trade names and trade dress.

In addition, there are some activities that are considered under the law as infringement but which do not violate directly an industrial property right – for example, false or misleading comparative advertising and acts of unfair competition. For many years, practitioners had requested and obtained preliminary injunctions to

stop these latter acts without any problem. However, IMPI has adopted new criteria of interpretation of the law, and has recently started denying injunctions for these actions.

In order to comment on these criteria it is necessary to explain briefly how preliminary injunctions are granted and implemented, and which requirements must be fulfilled by plaintiffs.

From a procedural point of view, the law provides for the possibility of obtaining a provisional injunction against the alleged infringer either before filing an infringement claim or at any time during its prosecution. If the plaintiff requests a provisional injunction, it may be required to post a bond as security for possible damages suffered by the defendant as a result of the injunction. The injunction must be requested in writing. If the injunction is sought before the infringement claim is filed, the plaintiff must file a formal infringement claim within 20 days of its execution; if it fails to do so, the plaintiff will forfeit the bond to the defendant, although it will not lose the right to file the infringement claim. The defendant is entitled to post a counter-bond to suspend the effects of the provisional injunction, and may submit arguments against the provisional injunction within 10 days of its execution.

IMPI may implement against the alleged infringer the following preliminary injunctions:

- order the recall or block the circulation of the infringing merchandise;
- order that the following be withdrawn from circulation:
 - articles that have been illegally manufactured or used;
 - packing, wrapping, stationery, advertising materials and other items that infringe the plaintiff's trademark rights;
 - advertisements, signs, posters, stationery and similar items that infringe the plaintiff's trademark rights; and
 - equipment or instruments used to manufacture, produce or obtain any of the above items;
- prohibit, with immediate effect, the commercialization or use of the infringing products;
- order the seizure of the infringing products;
- order the alleged infringer or third parties to suspend or cease all infringing acts; and
- order the suspension of the service or closure of the defendant's establishment, when the above measures are insufficient to prevent or avoid the infringement.

If the infringing products or services are on the market, all merchants or service providers must refrain from offering them for sale as of the date of notification of the

resolution. The same obligation applies to producers, manufacturers, importers and distributors, which will be responsible for immediately recalling infringing products from the market.

In accordance with Article 199*bis* of the law, in order to obtain the preliminary injunction, the plaintiff needs to prove the following to IMPI:

- The plaintiff is the holder of the right and can show any one of the following:
 - the infringement of its right;
 - imminent infringement of its right;
 - a likelihood of irreparable damage suffered; or
 - a justified fear that evidence will be destroyed, concealed or altered.
- The plaintiff will grant sufficient bond in order to answer for any damages which may be caused to the person against whom the measures are demanded; and
- The plaintiff will furnish the information necessary for the identification of the infringing goods and services, or the locations in which the infringement of industrial property rights is occurring.

In the past, IMPI interpreted the first of the three main points above (Section I of Article 199*bis*) sensitively, understanding that the law contemplates a diversity of industrial property rights, where ownership of which may not necessarily be proven by a document, such as a letter patent or a certificate of registration. Thus, in cases such as unlawful use of trade dress, the plaintiff was required to prove that it adopted and used the trade dress prior to the alleged infringing use.

In cases of infringement to registered trademarks or patents, Article 229 of the law establishes a further requirement of proving the marking, meaning and the use of the sign 'MR' (*marca registrada*) or term 'patented product' in order to obtain the injunctions. The text and interpretation of this article have been crucial for IMPI to adopt its new criteria.

Article 229 of the law provides the following: "To take civil or criminal actions as a consequence of the infringement of an industrial property right, as well as to adopt the measures set forth in Article 199*bis* of this law, it shall be necessary that the holder of the right has applied to the products, packaging or wrapping of the products protected by an industrial property right the indications or writings referred to in Articles 26 and 131 of this law, or by some other means have manifested or that it be a



Sergio I. Olivares, Jr
Partner, Olivares & Cia, Mexico City
sol@olivares.com.mx

Sergio Luis Olivares Lobato qualified in 1991 and obtained a masters in IP law from Franklin Pierce Law Centre in 1993. He has participated in several IP seminars and conventions as both a speaker and moderator. He is the current international vice president of the Mexican Association for the Protection of Industrial Property for the term 2005 to 2007. He is also a member of the Mexican Bar Association and the International Trademark Association, and is the current Mexican delegate for the American Association of Industrial Property.



Daniel Sanchez y Bejar
Associate, Olivares & Cia, Mexico City
dsb@olivares.com.mx

Daniel Sanchez y Bejar qualified as a lawyer in 1999 and obtained a diploma degree in IP law from the Panamerican University in 2001. He has worked as an associate attorney at Olivares & Cia since 2000. His practice mainly covers IP litigation, especially in trademarks, patent and unfair competition actions. He is a member of the Mexican Association for the Protection of Intellectual Property and of the International Trademark Association.

fact of public knowledge that the products or services are protected by an industrial property right. *This prerequisite may not be required in cases of administrative infringements, which do not imply a violation of an industrial property right.*" (Emphasis added.)

In the past, this article was interpreted by IMPI in the sense that trademark and patent holders were required to prove use of the 'MR' sign or the term 'patented product' in order to obtain a preliminary injunction. However, the last sentence of this article was interpreted to allow for an exception to this requirement for actions other than trademark or patent infringement.

Now, this sentence of Article 229, in conjunction with Section I of Article 199*bis* of the Law on Industrial Property, is interpreted by IMPI very strictly so as to deny preliminary injunctions to any infringement action based only on acts of unfair competition.

IMPI maintains that, in this area, if a plaintiff cannot prove that its products are marked with the 'MR' sign or the term 'patented product' as set forth in Article 229 and also cannot prove ownership of any industrial property rights, the preliminary injunctions are not available.

In the current Mexican practice, when a plaintiff requests the granting and implementation of preliminary injunctions in false comparative advertising cases (which is a type of unfair competition under the law) for instance, IMPI issues an official communication stating that the requirements of Article 199*bis* have not been met; however, it never clarifies or defines which requirement or requirements the plaintiff has failed to satisfy or grants the opportunity to remedy the deficiency.

In such circumstances, the only remedy available to a plaintiff to obtain an injunction that could stop a negative and harming infringing activity is to file an appeal against IMPI's denial to grant the injunction before a district court. There are some appeals currently under prosecution and the courts will have to rule on the correct interpretation of the provisions of the law during 2007, hopefully ordering IMPI to go back to the old criteria.

In any case, it is clear that these new criteria constitute an unfortunate setback for IP rights holders in Mexico, and this situation needs to be changed through either court orders or an amendment to the law. [WTR](#)