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Forging an effective relationship with Customs

It is important that rights holders demonstrate their commitment to working with Customs, in a bid to maximise the effectiveness of the rights protection mechanisms at their disposal

It is widely known that most globally available counterfeit goods are produced in Southeast Asia, and that China is the largest manufacturer of these illegal goods. Some of the biggest threats to rights holders – particularly in the clothing and footwear, luxury items, electronics, toys, automotive and industrial parts industries – come from counterfeit goods imported from such countries.

With this in mind, the cornerstone of a comprehensive anti-counterfeiting and IP rights enforcement programme should involve taking appropriate action at customs offices, where counterfeiters attempt to move their illegal goods into the country.

In 2011 the General Regulations Concerning Foreign Trade were published in the *Official Gazette*. The regulations include several amendments and other relevant modifications which established the creation of a trademark database for customs purposes. The database became formally operative in January 2012.

The new trademark database is a welcome improvement in Customs' increasingly important role in combating counterfeiting. However, even with these amendments, there is much work still to be done, as Customs has no legal power to intervene when counterfeit goods or infringing merchandise is detected. Customs officials cannot intercept, detain or seize offending items, and require an order from a competent authority in IP matters. Administrative infringement is handled by the Mexican Institute of Industrial Property; criminal counterfeiting cases are the competence of the General Prosecutor's Office; and certain actions are directly issued by a court.

Even before the possibility to register a trademark with Customs was introduced,

the government had achieved spectacular results in this area. In 2010 the Yolanda Benitez Trophy was awarded to Mexican Customs by the World Customs Organisation in recognition of its efforts and unprecedented achievements in combating counterfeiting.

Customs has a tool for sharing information with brand owners that allows for more effective methods of risk analysis, profiling and targeting, and should improve customs officers' search and detection procedures. As part of the new regime, Customs will provide feedback on IP matters (including data on the import and export activities of alleged counterfeiters and infringers) to competent authorities, and ultimately rights holders, with the aim of facilitating legal action before the competent authorities to enforce and protect rights at customs offices throughout Mexico.

The creation of the trademark database for Customs was a first step towards enforcing IP rights and combating counterfeiting. When rights holders register a trademark with Customs, they can facilitate efforts to detect and detain counterfeit goods from abroad. By preventing counterfeit goods from entering the country, the authorities can prevent their distribution among the general public. The simple act of registering a trademark with Customs and undertaking the proper follow-up procedures may eliminate the need for subsequent investigations and legal proceedings as part of a serious anti-counterfeiting strategy once counterfeit items have entered the country and are publicly available.

Providing training for customs officers tasked with operational duties at each of Mexico's 49 customs offices also is of utmost importance. The training seminars

and events that are regularly organised by Customs, and by representative organisations and associations of rights holders, are unique opportunities to meet the people who comprise the first line of defence against counterfeiting and piracy. It is strongly recommended that constant communication be maintained and relevant information shared with customs officials regarding new licensees, authorised distributors, importers, products and brands.

Collaborative efforts with Customs should not depend solely on registration of a trademark, but should also involve investing time and effort in working with customs officials to give them the required knowledge to identify counterfeit products. Training and regular face-to-face contact with inspectors means that right holders can demonstrate that they are prepared to invest in the relationship. Thus, Customs' interest will be more effectively engaged and the likelihood of successful action will increase.

However, this part of the practice is sometimes overlooked. It is important to remember that Customs is made up of thousands of people trying to do their jobs within the confines (and shortcomings) of the relevant legislation. Customs officials have to deal with a limited mandate, scarce resources and the ever-growing risk of being the target of violence.

It may be beneficial for rights holders to consider assigning resources to the education and awareness of Customs and other law enforcement personnel. By actively participating in seminars, training and forums, where direct contact with officials is possible, detection practices can be improved.

Good relationships with Customs can be maintained through direct, honest and consistent contact. This is particularly

relevant to the hotly debated issue of the relationship between Mexican law enforcement agencies (including Customs) and rights holders. The law allows rights holders to grant a full pardon to counterfeiters or infringers at any stage of the proceedings before a final ruling has been issued. While certain amendments to IP laws have restricted the option to grant a pardon – for example, in criminal copyright infringement cases – it is still possible in trademark and copyright administrative infringement matters and most cases of trademark counterfeiting. However, most law enforcement officers believe that a pardon should not be granted in the majority of cases, and that rights holders which continually grant pardons as part of settlement agreements are merely using the law as a ‘collection service’, which undermines Customs’ work and allows rights holders to legally extort offenders.

Response times from rights holders are also critical in maintaining a good relationship with law enforcement authorities, as the success of the authorities’ actions often depends on how quickly rights holders act. This is particularly important when dealing with trademark infringement or counterfeiting matters at Customs, because Customs does not have the legal power to detain or seize infringing merchandise on its own. Customs rather requires an order from a competent authority, such as the General Prosecutor’s Office, the Mexican Institute of Industrial Property or a judge, which will be issued after the legal rights holder or licensee files formal action against the importer or consignee. As a result, the rights holder has an extremely limited amount of time (usually 24 to 48 hours) to decide whether it wants to take action.

Finally, it is important that rights holder demonstrate their commitment to working with Customs. Mexican customs officials are active in seizing allegedly counterfeit goods, but since most cases involve only a small number of items, rights holders are usually reluctant to take legal action and the goods are released. These situations occur frequently, so a rights holder should be proactive once it has received information on the seizure of counterfeit goods, as customs officials who feel that rights holders are not sufficiently engaged may become less inclined to work with them. [WTR](#)



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