

# Intellectual Property: USMCA and Enforcement

Intellectual Property – July 3, 2020

## USMCA and enforcement

### 1) National Treatment

- Each Party shall accord to nationals of another Party treatment no less favorable than it accords to its own nationals regarding the protection of intellectual property rights.

### 2) Civil and Administrative Procedures and Remedies

- Each Party shall make available protection proceedings concerning the enforcement of any intellectual property rights against infringement to trademarks, copyrights or neighboring rights **in the digital media.**
- The foregoing will have to be implemented in our legislation, as has been seen with the most recent amendments to the Federal Industrial Property Protection Law (LFPPI), the Federal Criminal Code and the Federal Copyrights Law.
- It shall be provided that authorities in civil judicial procedures have the authority to order the infringer to **pay the right holder damages.**

- For such purposes, the authorities may consider any legitimate measure of value the right holder submits, which may include **(i)** lost profits, **(ii)** the value of the infringed goods or services measured by the market price; or the suggested retail price.
- In the event of **(i)** copyright or **(ii)** related rights infringement and **(iii)** trademark counterfeiting, each Party shall provide that its judicial authorities have the authority to order the infringer **to pay the right holder the infringer's profits that are attributable to the infringement.**
- In proceedings with respect to the infringement of **(i)** copyright or **(ii)** related rights protecting works, phonograms, or performances, each Party shall establish or maintain a system that provides for one or more of the following:
  - i. pre-established damages**, which shall be in an amount sufficient to constitute a deterrent to future infringements and to compensate fully the right holder.
  - ii. additional damages**, for which each party shall take into consideration **(i)** the nature of the infringing conduct and **(ii)** the need to deter similar infringements in the future.
- It shall be provided that, if appropriate, concerning infringement of **(i)** copyright or **(ii)** related rights, **(iii)** patents, and **(iv)** trademarks, that the prevailing party be awarded payment by the losing party of court costs or fees and appropriate attorney's fees.
- With respect to **(i)** pirated copyright goods and **(ii)** counterfeit trademark goods, its judicial authorities have the authority, at the right holder's request, **to order that the infringing goods be destroyed without compensation of any sort.**

- Each Party shall establish that its authorities have the authority to order that materials and implements that have been used in the manufacture or creation of the infringing goods **be destroyed or disposed of outside the channels of commerce.**
- The T-MEC provides that authorities may be able to order the alleged infringer, for the purpose of collecting evidence, to provide to the right holder or to the judicial authorities the relevant information that the alleged infringer possesses or controls, such as:
  - i. the means of production or the channels of distribution of the infringing goods or services,
  - ii. including the identification of third persons alleged to be involved in the production and distribution of the goods or services;
  - iii. and their channels of distribution.
- In cases in which a party in a proceeding **without good reason refuses access to, or otherwise does not provide relevant evidence under its control within a reasonable period**, each Party shall provide that its judicial authorities shall have the authority to make preliminary and final determinations.
- It is provided that such party that has abused enforcement procedures will be liable for compensation for the injury suffered because of that abuse.
- It is important to note that the T-MEC provides that sanctions can be imposed on:
  - i. a party,
  - ii. counsel,
  - iii. expert,

- iv. other person subject to the court's jurisdiction for violation of judicial orders concerning the protection of confidential information produced or exchanged in that proceeding.
- In civil judicial proceedings relating to the acts described in Article 20.67 (Technological Protection Measures) and Article 20.68 (Rights Management Information), each Party shall provide that its judicial authorities have the authority to:
  - i. impose provisional measures, including restraint, seizure of devices and products suspected of being involved in the prohibited activity,
  - ii. order the types of compensations available for copyright infringement,
  - iii. order the payment of court costs or procedural expenses,
  - iv. order the destruction of devices and products that are involved in the forbidden activity.
- **Exceptions are established in the case of:**
  - i. Non-profit libraries,
  - ii. museums,
  - iii. archives,
  - iv. educational institutions,
  - v. or a non-commercial public service broadcaster, if it proves that it was not aware that its acts were an infringing activity.

**3) Provisional Measures:** The Parties are obliged that its judicial authorities have the authority to impose provisional measures including seizure or other taking into custody suspected infringing goods.

- **Minimum requirements:**

- a. sufficient degree of certainty,
- b. that the applicant's right is being infringed
- c. or that the infringement is imminent,
- d. to order the applicant to provide security or equivalent assurance set at a level sufficient to protect the defendant and to prevent abuse.

#### 4) Border measures.

- Each Party shall provide for applications to suspend the release of, or to detain, suspected counterfeit or confusingly similar trademark or **pirated copyright goods that infringe copyright. The T-MEC expressly refers to and includes copyright protection.**
- It should be noted that the T-MEC defines as "counterfeit trademark goods" merchandise **including packaging, bearing without authorization a trademark that is identical** to the trademark registered in respect of those goods, **or that cannot be distinguished in its essential aspects from such a trademark.**
- It also provides the definition of "**pirated goods infringing copyright**" which means goods that are copies made without the consent of the right holder and that are made directly or indirectly from an article when the making of that copy would have constituted an infringement of a copyright or a related right.

- According to the T-MEC, each Party shall provide that its competent authorities may initiate border measures **ex officio** against suspected counterfeit trademark goods or pirated copyright goods that are:
  - i. imported;
  - ii. destined for export,
  - iii. **in transit or transshipment**, and
  - iv. admitted into or exiting from a free trade zone or a bonded warehouse.
- These provisions shall apply to goods of a **commercial nature** sent in small consignments.
- The Parties may exclude from the application of such provisions, small quantities of goods contained in **travelers' personal luggage**.

## 5) Criminal Procedures and Penalties

- According to the T-MEC, each Party shall provide for criminal procedures and sanctions to be applied at least in cases of **counterfeiting** or **piracy** of copyright or related rights on a **commercial scale**.
- With respect to piracy "on a commercial scale" it is included:
  - i. acts carried out for **commercial advantage** or financial gain; and
  - ii. **significant acts, not undertaken for commercial advantage, which have a prejudicial impact** on the holder.

- It is established that willful importation or exportation of counterfeit or pirated goods on a commercial scale will be treated as an illegal activity subject to criminal penalties, as well as label or packaging, in cases of identical trademarks or which cannot be distinguished from a registered trademark.
- In accordance with the T-MEC, each party shall provide criminal procedures against a person who uses or attempts to use a **recording device to transmit or make a copy, in whole or in part, of a cinematographic work** displayed in a cinema or other venue.
- The above has been included in the Mexican legal framework through the recent amendments to the Federal Criminal Code and the Federal Copyrights Law.
- It is of utmost relevance that in relation to the offenses, the T-MEC establishes that the **competent authorities** may **act on their own initiative (ex officio)** to initiate legal actions without the need for a formal complaint from the right holder, which in certain cases it could represent a risk for the right holders.

## 6) Protection of Encrypted Program-carrying Satellite and Cable Signals

- The T-MEC provides that the Parties shall consider it a criminal offense the following:
  - i. manufacturing, assembling, modifying, importing, exporting, selling, or distributing a **device knowingly used to decode an encrypted program-carrying satellite signal**, without the authorization of the lawful or legitimate distributor of such signal.
  - ii. with respect to an **encrypted program-carrying satellite signal**, who willfully:

- a. **receives that signal** (according to this provision the end user will be criminalized)
- b. **distributes** that signal, knowing that it has been decoded without the authorization of the legal or legitimate distributor of that signal.

- Each Party shall provide for criminal penalties and civil remedies against such willfully acts.

## 7) Internet Service Providers - Notice and Take Down Procedure.

This matter will be analyzed in a separate article, due to the controversy generated by these new provisions, which were already adopted by the Federal Copyright Law with its recent amendment.

Should these measures have an adverse effect on you, please do not hesitate to contact our team with expertise in intellectual property matters, who can be of assistance:

## Contact us:

**Alejandro Díaz**

Counsel | [adiazm@macf.com.mx](mailto:adiazm@macf.com.mx)

**+52 (55) 5201 7400**

For more information, visit:

[www.macf.com.mx](http://www.macf.com.mx)

**Claudia Gutiérrez**

Associate | [cpgutierrez@macf.com.mx](mailto:cpgutierrez@macf.com.mx)

**Claudia Ramírez**

Associate | [caramirez@macf.com.mx](mailto:caramirez@macf.com.mx)

