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WORLD TRADEMARK REVIEW, COUNTRY CORRESPONDENT: MEXICO, FEBRUARY/MARCH 2009

DUE TO A LACK OF LEGAL FRAMEWORK, TRADEMARK OWNERS FIND IT DIFFICULT TO ENFORCE THEIR RIGHTS ON THE INTERNET - IN PARTICULAR, ON ONLINE AUCTION PLATFORMS. HOWEVER, SELF-REGULATION CODES HAVE BEEN DEVELOPED IN ORDER TO TACKLE THIS ISSUE.

The Internet is widely considered to be the most appropriate tool for setting up new businesses in the first decade of the 21st century, as it gives access to millions of buyers throughout the world. However, the Internet also brings new opportunities for criminals to evade the law and reap profits from illegal activities.

The Internet puts up various legal and practical barriers against enforcing the law for example, it is difficult to determine the applicable laws, the suitable forum and the physical location of infringers.

However, since the inception of the Internet, its users have followed a self regulation code that evolved without the intervention of national legislative bodies in order to solve the problems linked to this new tool. For example, many issues have been resolved-without a legal framework or the interference of government enforcement agencies – thanks to agreements between users and online services providers.

ONLINE AUCTIONS

A particular problem relates to the protection of IP rights on online auction sites. Although the legal framework is still inadequate in many countries. It is possible effectively to enforce IP rights-including registered trademarks-on online auction websites through self-regulation.

Due to the growing use of the Internet in Mexico, criminals are looking for new ways of distributing counterfeit goods. Selling counterfeit goods online is easier and cheaper than distributing such goods through traditional channels (eg. premises in a flea market), as there is no need to hire salespeople and stocks are easier to manage. Moreover, criminals are able to sell their goods all over the world, while keeping a low profile and avoiding being detected by enforcement agencies. In addition, counterfeiters can deceive potential buyers more easily (eg. by posting poor quality pictures of the products and failing to provide documents such as warranties, certificates of authenticity and users' manuals). For example, customers of the auction website MercadoLibre.com-eBay's Latin American partner- have been deceived into buying counterfeit digital and video cameras at prices up to \$500.

However, the main advantage of using online auction services to sell counterfeit goods lies in the difficulty of enforcing IP rights on the Internet. Trademark owners face the challenging task of enforcing their rights without knowing the physical location of the infringers or of the counterfeit goods.

USING THE IPPP

Due to the increasing amount of counterfeit products sold on online auction platforms. MercadoLibre.com has developed an Intellectual Property Protection Programme (IPPP). The IPPP requires that:

- users of the auction site sell only authentic goods; and
- the website operator remove any goods that infringe registered trademarks.

In Mexico, obtaining a warrant from the courts or an administrative resolution from the Mexican Institute of Industrial Property in order to remove counterfeit

goods from an online auction service could take weeks even months. If the operator of the online auction website is located outside the Mexican territory, the legal issues would be extremely complex.

The IPPP thus seems like the ideal solution to solve such problems. An IP rights owner may register its rights with the IPPP and enter into a cooperation agreement with the online auction provider. Under the agreement, the auction provider will undertake to remove any counterfeit goods from its platform. The IPPP does not require that trademark ownership titles be legalized with an apostille, as the system is based on trust.

However, entering into such an agreement is the easy part. The real difficulty lies in detecting the presence of counterfeit goods. IPPP members are responsible for the removal of allegedly counterfeit products. Therefore, the party that requests the removal of the goods must detect and select the goods to be removed with great care.

In order to remove counterfeit goods from the auction site, IPPP members must have a brand protection investigative team which is skilled in the use of the Internet and the detection of counterfeit goods. A high-quality team will lead to successful campaigns and reduce errors to a minimum (eg. where the suspected counterfeit goods turn out to be genuine).

Once counterfeit products have been detected, the process is simple. A report is sent by email to the Watch Community, the administrator of the IPPP, drawing its attention to the specific auctions that violate the rules of the Mercadolibre.com. Within a couple of hours of receiving the report, the administrator will remove the suspected goods, even if the auction is still ongoing and bids have already been submitted in such cases, the seller of the goods will not recover the auction fees. Therefore, although the IP rights owner does not receive any compensation, the system might be sufficient to deter infringers as they run the risk of losing the fees paid for each unfinished auction.

CEASE AND DESIST

Trademark owners may also send a cease and desist letter to an alleged infringer this usually represents an effective deterrent. Trademark owners are advised to enter into an agreement with the administrator of the online auction

service in order to obtain information that will help them to locate alleged infringers (eg. email or postal address and telephone number). A properly drafted cease and desist letter will send a strong message that the IP rights owner and the online auction provider will not allow the unauthorized use of registered trademarks on the auction site. The majority of sellers who receive a cease and desist letter acknowledge receipt of the letter and recognize the rights of the trademark owner, thus agreeing to stop distributing counterfeit goods on the online auction site.

It is extremely difficult for IP rights owners to obtain further civil, administrative or criminal sanctions. However, many trademark owners focus on removing counterfeit goods from the market, rather than prosecuting infringers in order to obtain compensation. In this respect, the IPPP seems to be successful.

THE NEED FOR CHANGE

Despite these successes, the system clearly needs improvements. For example, online auction services could require that users file a form establishing the trademark involved for each auction offering. The form would then be sent to the owner of the registered trademark in order to facilitate the surveillance of the auctions. Similarly, sellers could be required to provide actual documentation detailing their address and/or place of business, as well as proof of their identity, in order to avoid the use of aliases and fictitious addresses. Finally, where several products are sold in the same auction, the seller could be obliged to provide a photograph of each product. However, many infringers post a picture of the original product on the auction site, but then send a counterfeit item to the winning bidder.

IP rights owners seeking to enforce their rights on the Internet face a variety of problems. For example, it is extremely difficult to locate the infringers and bring them to justice; likewise, many infringers engage in forum shopping. In order to implement a successful anti-counterfeiting programme, an IP rights owner must determine whether its main objective is to send the infringers to prison or to limit the circulation of counterfeit goods on the market.

It is essential to seek the advice of an attorney with expertise in IP and anti-

counterfeiting law in order to implement a successful anti-counterfeiting programme on the Internet. With the appropriate legal support, IP rights owners will get a clear image of the current situation of any country (ie, the legal framework, the presence of self-regulation codes, the effectiveness of enforcement agencies and the current case law).

In Mexico, the implementation of a legal framework is urgently needed in order to enforce IP rights on the Internet. However, such legal framework will need to be supported by properly trained enforcement agencies and qualified courts.

Source: World Trademark Review. Country correspondent: Mexico. Feb/Mar 2009