

Features

Border protection in Latin America – the future looks brighter

Despite the region's reputation as a haven for counterfeiters, several Latin American countries are making significant strides in developing and using highly effective anti-counterfeiting tools

By **Santiago R O'Connor**

Consistent economic growth and political stability in Latin America are showing the world that the region is a good bet for investment. Foreign companies trying to commercialise their products in the densely populated region should be cheered by the development and deployment of several efficient anti-counterfeiting tools, in particular sophisticated software.

This article focuses on the IP Border Protection System, which is available in seven Latin American countries: Argentina, Brazil, Colombia, Chile, Panama, Paraguay and Uruguay.

Over more than 30 years of IP practice, I have noted that foreign companies are reluctant to use this useful tool, despite its usefulness as a preventive measure. It is time to address this situation and to raise awareness that the systems described below really work.

Argentina

The Argentine tax authority has, through AFIP/Customs Resolution 2216, created an alert system, which came into force on April 3 2007. Under this, rights holders can obtain information about and inspect goods bearing their marks before they are released onto the marketplace.

To take advantage of the alert system, rights holders must register their trademarks with Customs by providing the following:

- the certificate of trademark registration issued by the Argentine Trademark Office;
- a description of the genuine goods, including samples;
- the classification of these goods in the Mercosur Customs Classification of Goods;
- the ports through which genuine goods bearing the rights holders mark usually enter Argentina; and
- the name and email address of a local representative or attorney.

Registration will be valid for two years, renewable for a similar period.

The alert system is an important tool for rights holders and is designed to help them control imports of counterfeit goods, as well as parallel imports of genuine goods into Argentina.

Brazil

According to the Industrial Property Law (9.279/96) and the Customs Regulation (Decree Law 6.759/2009), customs authorities may seize any product violating IP rights (copyright, software or trademarks) either *ex officio* or at the request of an interested party.

Based on these provisions, the rights holder may file an inspection request with the Central Coordination of Customs Affairs, together with a list of its IP rights, in order to trigger surveillance of any illegal imports.

Requests directed to major Brazilian ports and airports can also be made to overcome any lack of communication between the Central Coordination of Customs Affairs and local customs authorities.

The rights holder must present copyright, software or trademark registration certificates, along with any information that will help customs officials to identify products being imported illegally (ie, without a proper licence from the rights holder). It is also advisable to supply a list of companies in Brazil that are authorised or licensed to import the products in question.

In addition to such a written request, if the rights holder suspects that counterfeit products are being imported into Brazil, it should schedule a meeting with the customs authorities at the earliest opportunity so that it can clearly explain its concerns and familiarise local authorities with the intellectual property at issue.

This strategy – together with a specific training programme for customs agents – generally gives rights holders a better chance of having any illegal shipments blocked automatically at Brazilian ports and airports.

As a matter of procedure, if customs authorities identify a shipment of counterfeit products, they will immediately notify the rights holder and invite it to examine a sample of the products in order to verify their origin (ie, whether they are infringing) and then submit a formal statement confirming this. It is thus important that the rights holder appoints a representative to act as its contact and be available to respond to notifications concerning possible illegal shipments.

In addition to these border measures, the National Council for Combating Piracy has worked with the Brazilian Patent and Trademark Office to launch a national database: the National Directory to Fight Counterfeiting. This is designed to facilitate interactions between Brazilian enforcement authorities and rights holders. The database contains information about registered trademarks along with contact details for rights holders and their legal representatives.

Access to this data is restricted to the federal police, the federal highway police, the Internal Revenue Service, Customs, the federal public prosecutor, the state public prosecutor, state public security departments and state criminal institutes.



As soon as the marks are registered, the General Customs Administration will be empowered to carry out discretionary investigations into suspected counterfeits throughout Panama, including in free trade zones

Picture: BlackMac/shutterstock.com

Colombia

Trademark registration with Customs is administered by the Colombian customs authority – the National Directorate of Taxes and Customs – with the aim of preventing goods that infringe any rights recorded in the directory from entering Colombian territory.

Customs trademark registration is regulated by Decision 486 of the Andean Community of Nations, an intergovernmental organisation which deals with industrial property matters in Colombia, Peru, Ecuador and Bolivia.

Border measures in Colombia work as follows:

- A rights holder which has grounds to believe that any products infringing its trademark are being imported or exported can issue a written request to the appropriate authorities to seize the goods in question, enclosing a certified copy of the trademark registration.
- Customs officials can also apply these measures *ex officio* if they consider that there are sufficient grounds for action to be taken. In that case the National Directorate of Taxes and Customs will try to contact the rights holder directly – if this is not possible, it will ask the Superintendence of Industry and Commerce to try to reach the rights holder on its behalf.
- The customs authorities will then inspect the goods. If they find that the goods should be released, the rights holder then has 10 days to file an infringement complaint – it can choose whether this should be criminal or civil.
- Within this 10-day period, the rights holder must also file a bond in order to secure any damages that might be suffered by the importer or exporter.
- It will be necessary to submit evidence that a court action has been started and that the bond has been filed; otherwise, the goods will be released.
- While the court decides on the matter, the goods will remain in the custody of Customs. Once the legal process is completed, the judge hearing the case will decide on the fate of the goods.

When applying border measures, the National Directorate of Taxes and Customs' role is crucial and is facilitated by the inclusion of trademark registration and industrial designs in its directory. This allows it to contact rights holders or their agents swiftly when infringing products are encountered.

Chile

Chilean Customs maintains a directory of trademarks that have been registered with the National Institute of Industrial Property, in order to help it prevent the import of infringing goods into the country.

The trademark directory database comprises information on all trademarks, including their logos and any data useful for detecting counterfeit products. Customs officials constantly monitor imports into the country in order to prevent the entry of any goods that infringe registered trademarks. Further, owners can access the database directory from any port in Chile.

In order to register its marks with Customs, a rights holder must supply:

- a power of attorney;
- the trademark registration certificate; and
- a manual or similar document, if available, that might help officials to identify a counterfeit product.

Registration with the customs directory is valid throughout the life of the trademark registration. It takes approximately between one and three months to obtain the corresponding certificate.

Panama

The Panamanian trademark regime establishes that trademarks must be registered with the General Customs Administration.

In order to register a mark, the rights holder must supply a power of attorney, along with the name, class, registration number and holder of the trademark as registered with the Industrial Property Directory.

In addition, it is desirable, although not compulsory, to provide a sample of the goods, as well as the name of any distributors or licensees.

A customs registration takes approximately two months to be issued.

This certificate of registration will be the same as a Panamanian certificate of trademark registration and can be renewed for further 10-year periods, as long as the trademark is also renewed.

As soon as the marks are registered, the General Customs Administration will be empowered to carry out discretionary investigations into suspected counterfeits throughout Panama, including in free trade zones.



Requests directed to major Brazilian ports and airports can be made to overcome any lack of communication between the Central Coordination of Customs Affairs and local customs authorities

Picture: donvictorio/shutterstock.com

Paraguay

Paraguay launched a trademark directory – the General Customs Directory – in January 2008 under the Sofia System. This in turn was developed by the Specialised Technical Team and Customs Control as a means of retaining counterfeit goods and taking action against their distributors.

The customs directory complies with the Agreement on Trade-Related Aspects of Intellectual Property Rights, which has been endorsed by Paraguay.

Once the trademark has been registered with Customs and the appropriate documents for cancellation of customs taxes and the import of trademarked goods have been entered in the computer programme, this then verifies whether the importer is registered.

Where goods are being imported by a non-registered party, customs officials will seize them and order the suspension of the import process. They will then email the IP agent listed in the database, attaching copies of the shipping documents.

The agent must notify the rights holder of this seizure within 24 hours and then inform customs officials whether its client wishes the goods to be retained. If it fails to do this, customs officials will allow the suspended importation process to continue.

This procedure will not be applied to containers or cargo shipped into Paraguay by local firms that have been authorised by the rights holder.

The registration requirements are as follows:

- the form provided by the Customs Directorate and a certified copy of the trademark registration title issued by the Paraguayan Directorate of Industrial Property, as well as the agent's power of attorney granted by the rights holder;
- a description of the products sold under the mark(s);
- the names and addresses of the authorised distributor(s) in Paraguay, if any; and
- product catalogues, if available.

After Customs has approved the registration application, it will automatically enter the trademark into the directory. Once this process is complete, it will issue a certificate, which will expire on the same date as the trademark registration.

Uruguay

Trademarks cannot be officially registered with Customs in Uruguay. However, the Intellectual Property, Asset Laundering and Drug Trafficking Division of the National Customs Administration does have an informal directory of trademarks. While registration is not compulsory, rights holders can choose to register their trademarks with the division.

If a trademark is registered, the rights holder or its local representative will be notified as soon as the Intellectual Property, Asset Laundering And Drug Trafficking Division verifies that it has encountered suspected counterfeit goods – either within its territory or within customs premises – so that it can appear in court to report the presumed counterfeiting. Where counterfeiting is found to have taken place, the court will generally order the goods to be confiscated and eventually destroyed.

Finally, registration of a trademark in the division's informal directory allows the rights holder to apply for a provisional customs safeguard, by reporting details of any suspected infringement so that customs authorities become aware of the situation and

thus act promptly.

Conclusion

The battle against counterfeiting remains a constant one. It requires rights holders to take several integrated but straightforward actions – from filing civil or criminal prosecutions to using advanced software technology – in order to expedite and prevent counterfeiting.

Countries which are considered to be main players in South America – not only from an economic standpoint, but also those which suffer large-scale counterfeiting – are working hard to adopt efficient IP border measures systems. It is now time for companies and rights holders to make proper use of these systems instead of complaining that the fight against counterfeiting in Latin America can never be won.

Santiago R O'Connor is a partner at O'Connor & Power
soc@oconorpower.com.ar