

NEWSLETTERS

DETAINING SUSPECT GOODS

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Peruvian Industrial Property Legislation allows to the owner of trademarks to file an infringement procedure against the merchants who use the registered trademark in the market without any authorization. In Peru this right is recognized by means of the article 155 and 156 Decision 486 of the Andean Community, which states textually the following:

Article 155.- *The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from engaging in the following acts:*



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- a) *using or affixing the trademark or a similar or identical distinguishing sign to products in respect of which the trademark is registered; to products connected with the services for which the trademark is registered; or to the packages, wrappings, packing, or outfittings of those products;*
- b) *removing or changing the trademark, once it has been placed on or affixed to the products in respect of which the trademark is registered, for commercial purposes; to products connected with the services for which it is registered; or to the packages, wrappings, packing, or outfitting of those products;*
- c) *manufacturing labels, packages, wrappings, packing, or such other materials as may reproduce or contain the trademark, and selling or storing such materials;*
- d) *using, in the course of trade, identical or similar signs to the trademark for goods or services, where such use would result in a likelihood of confusion or mistaken association with the registration owner. In the case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed;*
- e) *using in the course of trade identical or similar signs to a well-known trademark with respect to any goods or services, where such use, by weakening the distinctive force or the value of that trademark for commercial or advertising purposes or by taking unfair advantage of the prestige of the trademark or of its owner, could unjustly damage the registration owner's economic or commercial interests;*
- f) *making public use of identical or similar signs to a well-known trademark, even for purposes that are non-commercial, where such use could weaken the distinctive force or value of that trademark for commercial or advertising purposes or take unfair advantage of its prestige.*

Article 156.- *For the purposes of the provisions stipulated under paragraphs e) and f) of the previous article, the following acts, among others, shall constitute use of a trademark by a third party in the course of trade:*

- a) *introducing into commerce, selling, offering for sale, or distributing products or services that bear the said trademark;*
- b) *importing, exporting, storing, or transporting products that bear the said trademark; or,*
- c) *using the said trademark, independently of the means of communication employed and without prejudice to such standards as may be applicable to advertising, in advertising, publications, commercial documents, or written or oral communication.*

In the development of the Infringement procedures, the Peruvian administration is authorized to order precautionary measures in order to stop the counterfeit merchandise, as we might read from the paragraph "d" CHAPTER V - Powers of investigation and of inspection visits, article 115 from the

Legislative Decree 1075:

Article 115 - Powers of investigation

Without this list being exhaustive, the competent national authority shall have the following powers of investigation:

(d) To demand that natural or legal persons, as well as public or private entities, whether State or non-State, profit-making or non-profit making, adopt any measure which enables the preservation, maintenance or integrity of the documents, processes and property under investigation, and collaborate where necessary in the exercise of its functions.

Consequently, in the case of infringements based on imported merchandise that presumably holds registered trademarks, the Administration, at the request of a party, may order the detention of the respective containers at the storage terminals, when they just arriving into the country.

This precautionary measure action is fully justified since the process itself, requiring a series of steps that extend in time from the filing of the complaint until the issuance of the final resolution (9 months in our case), it would enable the goods hits the market, being practically impossible to prevent its commercialization as well as to obtain samples for the verification of use of the mark, essential element for the Peruvian administration to determine the infraction or not.

To avoid this inconvenience the applicable legislation provides the authority to order the detention of the merchandise until it have been inspected at the storage place. This ensures the non-entry of the merchandise into the market as well as the obtaining of samples for verifying the use of the trademark.

Thus, the Storage Terminal also becomes an indirect participant in the infringement procedure, to be subject to what the Administration decides regarding to the merchandise that is stored on site, obeying the detentions under penalty of receive financial sanctions, as outlined in Article 123 ° of D. L. No. 1075, which states:

Article 123 - Fines

If the party obligated to comply with a precautionary measure ordered by the competent national authority does not do so, he shall have a fine of no more than one hundred and fifty (150) UIT imposed on him, for the gradation of the fines the criteria established for the determination of the sanction shall be taken into account. The corresponding fine shall be paid within a period of five (5) working days, upon expiry of which enforced collection shall be ordered.

In the case of persistent non-compliance as referred to in the preceding paragraph, the competent national authority may impose a new fine, subsequently and unlimitedly doubling the amount of the last imposed fine.

We point out, consider it necessary to specify that the UIT fine amounts at the date of preparation of this article was \$ 1403.85, so this is a very strong dissuasive to those who have to obey the precautionary required measures ordered by the government, which can enforce these fines coercively through embargoes that may apply.

We are just witnessed a case in which a storage terminal has ignored a measure issued by the Administration, opening the container before the arrival of inspectors. The excuse that the terminal given was due to the proactivity of its staff, which would facilitate the task of the inspectors, they proceeded to open the container before arrival. Obviously it is not credible as the goods could be manipulated in the opening period located between the opening of the container and the arrival of the inspectors, damaging the entire investigation.

Fortunately, in this case, after the inspection, it was verified that the merchandise was intact, despite which the administration decided to apply a fine up to \$ 7,019.23 for disobeying the immobilization precautionary measure.

This is worth emphasizing because it speaks of a very effective mechanism to ensure that the investigation would be the most possible efficient and effective, punishing individuals who, as in this case, put in dangerous the development of procedures, ensuring, in turn, the proper rights of trademark owners.

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