

Mexico

Will the new IP regional court address growing IP litigation concerns?

The Federal Court of Tax and Administrative Affairs (FCTAA) has competence to decide appeals filed against decisions issued in IP matters (ie, court proceedings as well as trademark or patent applications). This court is divided in 32 regional courts which hear all administrative and tax cases. Eleven regional courts are located in Mexico City, with the other 21 spread across the rest of the country.

The FCTAA also has a higher court, the *Sala Superior*, located in Mexico City, which is entitled to rule on certain special cases brought before the regional courts – for example, important cases or cases interpreting an applicable law for the first time.

Each regional court comprises three magistrates, who must agree (unanimously or by majority) with the grounds of all court decisions. The *Sala Superior* comprises 11 magistrates, who must agree unanimously or by majority on all decisions. The *Sala Superior* actually comprises 13 magistrates, but two of them perform administrative activities and do not participate in the issuance of appeal decisions. Depending on the type of case, the *Sala Superior* can decide its cases either in plenary sessions comprising all 11 magistrates or in sections, with each section comprising five magistrates.

On March 24 2008 the establishment of a new regional court to deal with IP appeals only was published in the *Official Gazette*. The new regional court will be located in Mexico City, but will be competent to hear all IP appeals in Mexico.

Although the new regional court has been created and notification of this has been published, it is not yet in operation. As a matter of law, the magistrates who will sit on the IP regional court must be designated by the president – thus, the IP regional court is expected to commence operations at the end of 2008.

The IP regional court will comprise three magistrates from other regional courts with experience in deciding IP cases, plus the necessary administrative officers. This is designed to create an experienced IP staff managed by

three of the most experienced magistrates in IP matters within the FCTAA. However, it has not been made clear what criteria the FCTAA will use to appoint administrative officers to the IP regional court – they may come from other regional courts or be appointed externally. This is particularly important as these officers are in charge of the prosecution of trials and all official actions within the proceedings, as well as the preparation of draft decisions before they are submitted to the magistrates for modification and approval. Therefore, it is extremely important for all the parties involved and for the proper development of the IP regional court that properly qualified officers are appointed. As the applicable regulations provide that in order to be a FCTAA officer an applicant must have at least three years' experience in the administrative field, it is recommended that the IP regional court incorporate as officers people who are currently working at the Mexican Institute of Industrial Property or people working in private sector IP litigation.

Dealing with ongoing cases

A common question asked by practitioners is how the IP regional court will deal with cases that have already been filed with the FCTAA and which are still pending when the IP regional court begins operations. In this regard, the *Official Gazette* notification in March 2008 established that all IP cases pending at other regional courts will be reassigned to the IP regional court for the issuance of the corresponding ruling.

This is a good decision in order to hasten the prosecution of pending IP cases, which was one of the main aims behind the creation of the IP regional court. However, until the IP regional court is integrated, many cases are in limbo. Other regional courts appear reluctant to continue with the prosecution of IP cases, instead awaiting the integration of the IP regional court so that they can send unresolved IP cases there to be dealt with.

Appealing decisions before the new IP regional court

The way in which IP decisions are appealed will not change under the new IP regional court, since the FCTAA is still responsible for prosecuting, considering and ruling on IP appeals. The creation of the IP regional court is merely an internal adjustment – the court is not a new one.

Therefore, once parties receive a decision in an administrative proceeding, they will be entitled to file an appeal to the FCTAA through the IP regional court, as the FCTAA will still have the same competence that it possessed before the creation of this new IP regional court. In addition, parties will be able to appeal the FCTAA's decision to a federal circuit court, as they could before the creation of the IP regional court.

Benefits

The creation of the IP regional court will have important benefits for all parties involved in IP appeals. As IP cases represent less than two per cent of all cases prosecuted, considered and decided by the FCTAA, the prosecution of IP trials is expected to be made faster and parties should receive decisions more quickly.

Due to the backlog of administrative cases at the FCTAA, at present a decision in an IP trial prosecuted by a regional court takes at least one year. Once the IP regional court commences operations, it is expected that IP decisions will be issued in considerably less time, since IP cases will be handled by a specialist court.

Another benefit is that decisions issued by the IP regional court should be more accurate as the magistrates and administrative officers will focus on IP issues, rather than dealing with all administrative fields as they did previously. Therefore, they will become IP specialists.

Key issues to consider

Certain aspects of the new IP regional court have raised concerns for IP practitioners.

The concentration of IP cases in one regional court means that FCTAA opinions will be limited to just three magistrates

Before the creation of the IP regional court, appeals heard by the FCTAA were considered by all regional courts. Therefore, the opinions and grounds in IP cases were shared with all regional court magistrates. This allowed them to discuss different points of view and take from all opinions to improve FCTAA IP policy.

Under the new system, every first-instance appeal in IP litigation will be heard by just three magistrates. This means that they will not have different opinions and points of view to consider, which could be detrimental to

IP policy if they do not strengthen their opinions with the expertise of IP practitioners.

The competence of the IP regional court is not clear enough in cases that are not IP matters *per se*, but that derive from IP matters

Some relevant subjects are not considered IP matters *per se*, but are strongly associated with IP matters. It is not clear whether these would fall within the competence of the new IP regional court.

The notification of the specialist IP regional court clearly states that its jurisdiction will be limited to appeals deriving from decisions based on the Industrial Property Law, the Federal Copyright Law, the Federal Law of Plant Varieties and other laws regulating IP matters. However, the provision stating that the IP regional court has jurisdiction for acts deriving from “other laws that regulate IP matters” is not clear enough. In practice, some relevant matters (ie, health or regulatory matters) are closely linked to intellectual property, but are not IP matters *per se* and are not regulated under these laws. According to the intention behind the creation of the IP regional court, the court decide on such non-IP matters.

The power of the *Sala Superior* to take important cases could obstruct the aim of the IP regional court

The *Sala Superior* is entitled to take certain cases from the regional courts in order to consider and rule on them.

In this regard, the Mexican Institute of Industrial Property, as the defendant in appeals prosecuted before the FCTAA, commonly requests the *Sala Superior* to take IP cases on the grounds that the case involves the interpretation of an applicable disposition of the IP law for the first time.

By taking an IP case from the regional court, the *Sala Superior* sometimes slows down the prosecution of the case, because the *Sala Superior* has many relevant cases to consider and decide from all the tax and administrative matters which fall under the jurisdiction of the FCTAA.

As a result, if the *Sala Superior* does not adopt a different criterion in this matter, the Mexican Institute of Industrial Property will continue to request the *Sala Superior* to take all such IP cases. If this happens, the creation of the IP regional court will be pointless since many cases will still go to the *Sala Superior* and will be decided slowly, instead of going before the IP regional court for an expedited specialised trial.

Conclusion

The recent endeavours enhance the accuracy of FCTAA decisions through a specialist regional court comprising

magistrates and officers with an IP background and who acquire more experience in IP cases day by day, and to speed up the time taken to obtain an IP appeal decision, is a good move to improve IP litigation in Mexico. Nevertheless, some issues still raise concerns and these will be clarified only when the IP regional court begins operation.

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