

I. Current law and practice	
<p>1) Do:</p> <p>a. the objective or subjective knowledge of the infringer, b. the beliefs/opinions of the infringer, and/or c. the publication of the scope of the IP right in general or at a particular time (e.g. the publication of the claims of a patent amended in the course of litigation).</p> <p>play a part in relation to the assessment of damages?</p> <p>If YES, please explain.</p>	<p>Yes, partially.</p> <p>The Federal Law for Protection of Industrial Property (FLPPI), in force since November 5, 2020, establishes in article 409 that, for the rights holder to be in possibility of claiming for damages (as well as for imposing preventative measures - preliminary injunction - during the course of the infringement action before the MPTO), actions should have been taken in terms of marking the goods, containers or packaging (and by analogy, the signage and other means as regards services) with the acceptable indications referred to by articles 44, 89, 236 and 302 of the Law or, by other means have expressed and advertised that the goods/services are protected by an industrial property right.</p> <p>If done by the rights holder, this would allow considering any infringing third party to be doing so with knowledge.</p> <p>The beliefs/opinions of the infringer are not taken into consideration under our Law, but rather the actions taken by the rights holder in terms of marking and or advertising the existence of a right, by which it should be understood any third party should have been aware of the existence of third party rights.</p> <p>In the case of patents, as stated by Article 56, a rights holder may claim for damages, once the patent has been granted, derived from infringement of the same prior to its granting but occurred after the date on which the publication of the application in the IP Gazette becomes effective in terms of the Law, which represents the possibility of retroactively claiming for damages occurred prior to grant, considering that upon publication third parties were aware of the possible scope of the granted patent at an application stage. In the case of trademarks, only upon publication in the Gazette upon grant and acts committed after this.</p> <p>Therefore, considering this, objective knowledge is essential under Mexican Law to be able to claim for damages against the infringer, while subjective knowledge is not regarded. The difference under Mexican Law are: intent and graveness, which will be considered by the court in awarding possibly higher damages.</p>
<p>2) Are punitive damages awarded and if YES, in what circumstances?</p>	<p>No</p>
<p>3) Are damages reduced below the level required to compensate the loss suffered by the right holder, and if YES, in what circumstances?</p>	<p>No, Mexican Law establishes a minimum of 40% of the total legitimate value of the infringing goods sold (to be determined by one of four factors to be selected by the rights holder), beyond which no judgement may impose a lesser amount, only higher, depending on a series of circumstances.</p>

II. Policy considerations and proposals for improvements of your Group's current law	
4) Could your Group's current law or practice relating to the role of knowledge in relation to damages be improved? If YES, please explain.	Yes, rules regarding subjective knowledge could be incorporated, which would allow for the same to be an element in addition to intent and graveness in awarding damages beyond the minimum 40% and would allow for the figure of "willful infringement".
5) Should the recovery of damages depend, or not depend, on the knowledge (subjective or objective) of the infringer? Please explain.	No, considering that under Mexican Law fines are imposed to infringers regardless of knowledge, so the group believes a similar rule should exist regarding damages, even if the same establish a lower amount, for example, a reasonable royalty.
6) Should damages be elevated so as to discourage future infringement by: <ul style="list-style-type: none"> a. an infringer, when a court has established infringement and awarded an injunction against that infringer, b. an infringer, when a court has established infringement but <u>not</u> awarded an injunction against that infringer, c. third parties, when a court has not yet established infringement by such third parties or the existence of any potentially relevant third parties. 	Although not a part of the study question and expressly excluded, recidivism under Mexican Law automatically gives way to initiating criminal actions against the infringer. <ul style="list-style-type: none"> a.- YES b.- YES c.- NO
7) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?	

III. Proposals for harmonisation	
<p>8) Do you believe that there should be harmonisation in relation to the role of knowledge in relation to damages? Please answer YES or NO.</p> <p><i>If YES, please respond to the following questions without regard to your Group's current law or practice.</i></p> <p><i>Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.</i></p>	<p>Yes</p>
<p>9)</p> <p>a) Should the knowledge (subjective or objective) of the infringer affect the recovery of damages? Please answer YES or NO.</p> <p>b) If the answer to 9)a) is YES, should the knowledge be (you may tick one or, if you think either suffices, both boxes):</p> <p>Subjective Objective</p> <p>c) How should such knowledge (for example) be established?</p> <p>Please tick all that apply:</p> <p>by the right holder? by the infringer? by evidence of the circumstances of the infringement?</p>	<p>a) YES</p> <p>b) Objective. However, we would further state: objective for compensatory damages, subjective for punitive damages.</p> <p>c) by the right holder by evidence of the circumstances of the infringement referring only to facts available to any person referring to information available only to the infringer</p> <p>d) Innocent infringement = lower damages; willful infringement = higher damages. This is, knowledge should play a key role in determining and awarding damages to the rights holder.</p>

<p>by evidence of the state of mind of the infringer? referring only to facts available to any person? referring to information available only to the infringer?</p> <p>d) How should such knowledge affect the recovery of damages?</p>	
<p>10) Can or should damages to compensate the right holder:</p> <p>a. <u>only</u> be awarded where the infringer has the level of knowledge specified in Article 45(1) TRIPs</p> <p>b. <u>nevertheless</u> be awarded if the infringer did not have the level of knowledge specified in Article 45(1) TRIPs.</p>	<p>b. <u>nevertheless</u> be awarded if the infringer did not have the level of knowledge specified in Article 45(1) TRIPs.</p>
<p>11) What, if any, change in the level of damages or the assessment of damages is appropriate, if the infringer:</p> <p>a. had no subjective knowledge, prior to the litigation, of the existence of the IP rights that were found infringed,</p> <p>b. had no subjective knowledge, prior to the litigation, of the scope of the IP rights that were found infringed because the IP right was not published in a language which is (or should be) understood by the infringer,</p> <p>c. had no subjective knowledge, prior to the litigation, of the scope of the IP rights that were found infringed because the IP right was amended in the course of litigation resulting in its scope changing,</p> <p>d. had a subjective belief prior to the litigation (whether gained through legal advice or otherwise) that the IP rights in question would or would not be infringed,</p> <p>e. had not undertaken searches prior to launching a new product, to determine if the new product would or might infringe,</p> <p>f. had undertaken searches prior to launching a new product, to determine if the new product would or</p>	<p>a. No change</p> <p>b. No change</p> <p>c. Lower</p> <p>d. Higher</p> <p>e. No change</p> <p>f. Lower</p>

might infringe, and those searches erroneously indicated no infringement.	
12) If the grant of punitive or exemplary damages (being damages greater than those required to compensate the right holder) is permitted, please indicate whether such damages should depend on the knowledge of the infringer, and if so, what objective or subjective knowledge should be required?	Punitive/exemplary damages not permitted under Mexican IP Law.
<p>13) Should the conduct of the infringer, e.g. setting out to make profit from infringement which exceeds the compensatory damages payable to the right holder, justify punitive/exemplary damages greater than those required to compensate the right holder:</p> <p>a. when the infringer had some intention/knowledge of the objective of making the profit?</p> <p>b. when the infringer had no intention/knowledge of making the profit, and the profit was made "accidentally"?</p> <p>c. regardless of the knowledge of the infringer?</p> <p>(This question does not concern compensation based on the unlawful profits of the infringer)</p>	<p>a. Yes</p> <p>b. No</p> <p>c. No</p>
14) Please comment on any additional issues concerning any aspect of the role of knowledge in relation to damages you consider relevant to this Study Question.	
15) Please indicate which industry sector views provided by in-house counsel are included in your Group's answers to Part III.	Retail and Sporting goods.