

EXPENSES AND COSTS IN INFRINGENT PROCEDURES

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The granting of expenses and costs on behalf of the winning party by the Peruvian administration is a thorny issue, in the context of infringement procedures for the undue use of registered brands.

It is appropriate to carry out a brief explanation of the terms ‘expenses’ and ‘costs’ under the supplementary application of the rules of the Civil Procedure Code, which states that “The provisions of this code apply additionally to other procedural rules, whenever they are compatible with their nature.”

There is also a definition of costs and expenses entered in the code. ‘Costs’ are the court fees, fees for legal aid bodies and other legal costs incurred in the process. Costs include the fees of the winning party’s attorney, plus 5 percent for the Bar Association of the respective judicial district for Mutual Fund and to cover lawyers’ fees in Legal Aid cases. References to the judiciary (in the word ‘court’) are related to administration. ‘Legal fees’ in this context means ‘administrative fees’, and so on.

Furthermore, as stated in Article 411, it should be noted that it is not necessary to apply the percentage allocated to the bar where the procedure takes place, because to mount a defence through the administrative channel, that is INDECOPI, it is not mandatory to consult a lawyer (although it is advisable, due to the specialist issues raised).

With this legal framework we can make useful definitions: ‘expenses’ are all the charges such as legal professional fees, operating expenses, etc; ‘costs’ means the government fees or administrative fees incurred in the procedure.

Current law provides us with the possibility that resolutions approving the payment of expenses and costs become enforceable titles, and could be executed subsequently before the judicial channel by means of a relatively fast procedure compared to most judicial cases (approximately five months).

For this reason, we must take special care over the filing documentation. It has to be very specific regarding the existence and value of the costs and expenses, as this will lead to a title that will be easily enforceable before the judicial channel and could be guaranteed, in consequence, with the precautionary measures contemplated in the procedural law.

In the case of taxes which have been paid in installments, supporting documentation must be enclosed as well as an explanation for the division before the Peruvian administration, in order to prove the requirement stated by Article 418 of the code, which states: “Article 418: Origin of costs— To enforce the payment of costs, the winner must accompany the indubitable and duly dated document which proves their payment, as well as the corresponding taxes. Based on the documents submitted, the judge will approve the amount.”

This is another requirement that must be taken into account to make the payment of costs and expenses, as it clearly prevents anyone inventing ghost costs.

There are two precedents which the Peruvian trademark administration issued concerning these matters. In one, it approved a resolution for a settlement of \$8,202 for expenses and \$280 for costs (Res. 1957-2012/CSD-INDECOPI). In the other, settlement was approved for the amount of

\$1,668.75 for expenses and \$110 for costs (Res. 1951-2012/CSD-INDECOPI).

The payment of expenses and costs is a useful tool for those users who have incurred high costs to claim the protection of their IP rights, allowing the reimbursement of expenses that would not have been incurred if the offenders had respected the rights granted by the administration.

Finally, it is necessary to recognise the value of these tools granted to trademark owners by means of the DL No. 1075, the current Peruvian IP law, allowing recovery of the amount spent on the protection of their IP rights through a procedure that will ensure judicial enforcement, with advantages such as recovery of the amount and the possibility of seizing or sequestering the offender's goods, if they do not pay the debt in cash.