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PARTNER

1. LEGAL FRAMEWORK

NATIONAL

Trademarks in Mexico are governed by the Industrial Property Law 1991 (as amended), and its supplementary regulations.

INTERNATIONAL

Mexico is a signatory to the following International trademark treaties:

- the North America Free Trade Agreement (Sixth Part, Chapter XVII - Intellectual Property);
- the Agreement on Trade-Related Aspects of Intellectual Property Rights (1995);
- the Paris Convention for the Protection of Industrial Property (1976);
- the Mexico-France Convention for the Mutual Protection of Industrial Property (1900);

- the European Free Trade Agreement (Chapter VI - Intellectual Property);
- the Mexico-Uruguay Free Trade Agreement (Chapter XV - Intellectual Property);
- the Mexico-Salvador-Guatemala-Honduras Free Trade Agreement (Chapter XVI - Intellectual Property);
- the Mexico-Chile Free Trade Agreement (Chapter XV - Intellectual Property);
- the Mexico-Nicaragua Free Trade Agreement (Chapter XVII - Intellectual Property);
- the Mexico-Bolivia Free Trade Agreement (Chapter XVI - Intellectual Property);
- the Mexico-Colombia-Venezuela Free Trade Agreement (Chapter XVIII – Intellectual Property); and
- the Mexico-Costa Rica Free Trade Agreement (Chapter XIV - Intellectual Property).

2. UNREGISTERED MARKS

PROTECTION

Use of an unregistered mark constitutes a source of rights that can be enforced against third parties and can serve as a defence against an infringement action.

USE REQUIREMENTS

To serve as a defence against infringement, an unregistered mark must be used uninterruptedly, and in good faith. The Industrial Property Law is silent on how much use is required; however, it is recommended that this be conducted in accordance with customary trade practices and take place for at least three to six months before the filing date or declared first use of the conflicting registered trademark.

If an unregistered mark is to be used to challenge the validity of a registration, the owner must prove continuous and uninterrupted use of the trademark prior to the filing date or declared first use of the registered mark; however, in this case the owner need not prove good-faith use of the trademark.

3. REGISTERED MARKS

OWNERSHIP

Article 87 of the Industrial Property Law provides that: "Industrialists, merchants or services providers may use trademarks in industry or commerce... the right to their exclusive use is established through registration with the Institute of Industrial Property."

In practice, any person or entity can apply for trademark registration to the Mexican Institute of Industrial Property (IMPI).

Whether registered or not, a mark is considered to exist from the moment a

product or service is distinguished with a visible sign (a word, design or combination thereof, or a three-dimensional form). However, registration constitutes official recognition that the sign satisfies all the required elements to be legally considered as a mark.

SCOPE OF PROTECTION

Article 89 provides that all visible signs can be protected as long as they are sufficiently distinctive and thus capable of distinguishing the goods or services of one undertaking from those of others.

As this definition is followed in practice, olfactory marks and sound marks cannot be protected in Mexico. However, three-dimensional marks can be protected, since these are visible signs.

The limitations to trademark protection are set out in Article 90, which lists the legal grounds for rejecting a trademark application.

Some common grounds for refusal of registration include the following:

- The mark is descriptive or generic;
- The mark comprises a geographical indication or place name that is characterized by the manufacture of certain products; or
- The mark comprises a shape that is in common usage, or results from the nature or function of the goods.

However, most refusals of registration are based on the grounds that the mark for which registration is sought is identical or similar to a trademark that is registered or pending registration for identical or similar goods or services. The criteria to be considered in determining whether a mark is confusingly

similar to an existing trademark are set out not in the Industrial Property Law, but rather in the case law of the federal courts. The examiner must take into account:

- visual, phonetic and conceptual similarities between the marks;
- similarities, rather than differences, between the marks when considered as a whole;
- similarities between the goods or services designated by the marks;
- the relevant consumer sectors at which the goods or services are directed; and
- distribution channels.

Declaration of famous and / or notorious trademarks: On April 19 2005 the Industrial Property Law was amended to introduce new articles concerning well-known trademarks. The main areas of reform are as follows:

- Two levels of well-known mark have been introduced; the lower-level 'notorious trademarks' and the higher-level 'famous trademarks'.

- The IMPI has been granted the independent authority to issue a declaration certifying that a trademark is notorious or famous, meaning that it is no longer confined to issuing such declarations as part of litigation or examination proceedings (as was the case prior to the reform).

Trademarks that are generally well known in Mexico are deemed to be famous marks. Notorious marks, on the other hand, are those that are well known on a more limited scale - for example, a mark that is well known only to a particular sector of the public or trade circle.

At the time of writing, the IMPI had yet to issue a tariff establishing the fees to be charged for the filing of a petition for a declaration that a mark is notorious or famous.

4. PROCEDURES

EXAMINATION

When a trademark application is filed, the examiner will first conduct a novelty examination to ensure that the mark does not conflict with any existing rights. To this end, the examiner will conduct an online search of the IMPI database to determine whether any similar or confusingly similar marks have already been registered or are pending registration.

If any such marks are found, the examiner will undertake a comparative analysis of the marks, under the criteria outlined in section 3 above, to determine whether this constitutes a barrier to registration.

If this is the case, the examiner will issue official notice of the results of the novelty examination to the trademark applicant; the applicant then has two months (which may be automatically extended by a further two-month period) to submit legal arguments against the conflicting marks, to try to overcome them.

OPPOSITION

The Industrial Property Law does not recognize the right to bring opposition proceedings, but provides only the possibility to expunge a trademark registration from the Trademark Register based on any of the grounds for cancellation set out in Article 151 of the Industrial Property Law.

REGISTRATION

If the application process progresses smoothly and no objections to registration are raised, registration may be obtained within three months at a minimum. In the case of a design mark, registration may be obtained within five months. The reason for this difference in timing is because searches for prior registrations of designs are conducted manually by the IMPI.

Trademark registrations are valid for a period of 10 years of the filing date and can be renewed for further 10-year periods. The petition to request the renewal of a trademark registration can be filed either six months before or six months after its expiration date. The estimated timeframe to resolve a trademark renewal is approximately two months from the date of application to renew.

REMOVAL FROM REGISTER

Cancellation / surrender: A trademark owner can voluntarily cancel its trademark registration by submitting a request to the IMPI. The only formality required is a writ requesting cancellation and a special power of attorney with a signature that has been acknowledged by a notary public and subsequently authenticated by apostille.

Revocation: Articles 130 and 152(II) of the Industrial Property Law provide that if a trademark is not used for three consecutive years in relation to the goods or services for which it is registered, the registration will be subject to cancellation for non-use, unless:

- a duly licensed holder or user has used the mark for three consecutive years immediately prior to the filing date of the cancellation action; or
- there are legitimate reasons for such non-use that are beyond the control of the trademark owner (eg, import restrictions or other government requirements applicable to the goods or services for which the trademark is registered).

Thus, if a registered trademark is not used for three consecutive years, it becomes vulnerable to challenge for non-use.

Invalidation: A trademark registration may be expunged from the Trademark Register based on any of the following grounds for cancellation set out in Article 151:

- The registered trademark is identical or confusingly similar to another mark that has been used for identical or similar goods or services in Mexico or abroad prior to the date of filing of the trademark application, provided that the party who asserts the greater right of prior use can prove it has used the trademark continuously in Mexico or abroad prior to the stated date of filing or declared first use. The statute of limitations for such actions is three years from the date on which the *Trademark Gazette* containing publication of the registration is put into circulation.
- The registration was granted on the basis of false information declared in the application documentation, such as the date of first use of the mark in Mexico. The statute of limitations for such actions is five years from the date on which the *Trademark Gazette* containing publication of the registration is put into circulation.

- An identical or similar trademark has already been registered for identical or similar goods or services. The statute of limitations for such actions is five years from the date on which the *Trademark Gazette* containing publication of the registration is put into circulation.
- The registration was obtained by the agent, representative, user or distributor of a foreign trademark owner without authorization. No statute of limitations applies to such actions.

Cancellation procedures are filed at and prosecuted directly before the IMPI. The IMPI's decision may be appealed before the Federal Court of Tax and Administrative Affairs, whose decision may be further appealed before a circuit court.

General grounds for cancellation of registration exist if the registration was granted in contravention of the Industrial Property Law or the law in force at the time registration was granted. No statute of limitations applies to such actions.

SEARCHES

Searches can be performed online to determine the availability of a trademark. They are conducted directly through the IMPI's database.

The searches are conducted per trademark and per class since Mexico follows the principle of specialty of trademarks, which provides that trademarks are registered to protect the specific products or services set out in an application.

There are three main types of search available, namely:

- searches for marks, slogans and trade names that are phonetically close to the one searched;

- searches for marks that are identical to the one searched; and
- design searches, which are manually performed in the class of interest by the IMPI. Such searches have to be requested in writing and take approximately three weeks.

5. ENFORCEMENT

REGISTERED RIGHTS

Administrative infringement proceedings: Where an infringer uses a confusingly similar mark for identical or similar goods or services to those covered by a trademark registration, the trademark owner can enforce its rights by filing an infringement action with the IMPI. This is the only option available as there are no specialized trademark or IP courts in Mexico.

The prosecution of an infringement claim before the IMPI begins with the filing of a formal written claim. Once the claim is admitted, the IMPI will serve notice on the defendant, which must respond within 10 days; thereafter, the IMPI will decide on the merits of the case. Both plaintiff and defendant must provide supporting evidence at the time of filing or responding to the claim, respectively. The IMPI's decision can be appealed to the Federal Court of Tax and Administrative Affairs, whose decision in turn may be appealed to a circuit court.

Where an infringement case has come to a conclusion, the prevailing party is entitled to claim no less than 40% of the entire sales of the infringing product at the sale price before a civil court.

To prove infringement, the plaintiff may file evidence in any form, with the exception of confessions and testimonies. Evidence to help prove infringement is most commonly obtained through an inspection of the defendant's premises by an IMPI inspector, which is usually conducted at the time the defendant is served notice of the claim and /or of the imposition of any preliminary

injunction. A type of discovery is available to the plaintiff.

The penalties for this type of infringement range from fines of up to \$70,000 to temporary or permanent closure of the infringing business, to administrative arrest for up to 36 hours; most commonly, the IMPI will impose a fine. If the defendant continues to commit the infringement thereafter, the fine will be doubled; if the illicit conduct continues notwithstanding a final and binding decision on the merits of the administrative infringement claim, this is regarded as a criminal offence and penal actions can be taken against the defendant.

The Industrial Property Law also provides for the possibility of obtaining a provisional injunction against the infringer either before filing an infringement claim or at any time during its prosecution. If the plaintiff requests a provisional injunction, it may be required to post a bond as security for possible damages suffered by the defendant as a result of the injunction. The injunction must be requested in writing. If the injunction is sought before the infringement claim is filed, the plaintiff must file a formal infringement claim within 20 days of its execution; if it fails to do so, the plaintiff will forfeit the bond to the defendant, although it will not lose the right to file the infringement claim. The defendant is entitled to post a counter-bond to suspend the effects of the provisional injunction, and may submit arguments against the provisional injunction within 10 days of its execution.

Under Article 199*bis* of the Industrial Property Law, the IMPI may grant the following remedies in the form of a preliminary injunction in an administrative infringement proceeding:

- order the recall or impede the circulation of the infringing merchandise;
- order that the following be withdrawn from circulation:

-articles that have been illegally manufactured or used;

-packing, wrapping, stationery, advertising materials and other items that infringe the plaintiff's trademark rights;

-advertisements, signs, posters, stationery and similar items that infringe the plaintiff's trademark rights; and
-equipment or instruments used to manufacture, produce or obtain any of the above items;

- prohibit, with immediate effect, the commercialization or use of the infringing products;
- order the seizure of the infringing products;
- order the alleged infringer or third parties to suspend or cease all infringing acts; and
- order the suspension of the service or closure of the establishment, when the above measures are insufficient to prevent or avoid the infringement.

If the infringing products or services are on the market, all merchants or service providers must refrain from offering them for sale as of the date of notification of the resolution. The same obligation applies to producers, manufacturers, importers and distributors, which will be responsible for immediately recalling infringing products from the market.

Criminal proceedings: In the case of counterfeiting - that is, where the infringer uses a mark identical to a registered trademark for identical goods or services - the trademark owner can enforce its rights by filing either a criminal action before the General Attorney's Office or an infringement action before the IMPI. To commence a criminal action, the injured party must first file a '*querrela*', or complaint.

Upon receiving the complaint, the General Attorney's Office will launch a

preliminary inquiry to determine whether a crime has been committed and, if so, who is responsible. The district attorney gathers all evidence required to reach a conclusion, with the assistance of the injured party. If the results of the inquiry are positive, the district attorney will submit the matter to a federal district judge who, following precise constitutional and legal procedures, will decide whether an apprehension order should be issued against those allegedly responsible for the crime. Once the authorities (the federal police) have complied with the apprehension order, the federal judge will issue a so-called 'formal prison' order, which serves as the starting point of the corresponding trial. The parties to the trial are the General Attorney's Office and the defendants.

The defendants may appeal against the two court orders. The trial is an adversarial proceeding involving testimonies, cross-examinations, allegations, evaluation of evidence and so forth. After weighing up the evidence, the judge will decide whether to convict or acquit the defendants. The unsuccessful party may appeal the decision before a unitary court, whose decision is binding. Criminal penalties range from between two and 10 years' imprisonment, to approximately \$1,000 in fines.

Border measures: Mexican Customs does not have the power *ex officio* to prevent pirate products from entering the country. Customs is not entitled to issue detention orders where counterfeit goods are discovered; instead, it is authorized only to implement border measures pursuant to Articles 148 and 149 of the Customs Law at the order of the IMPI or the General Attorney's Office. In such cases Customs will seize the infringing merchandise and transfer it to a warehouse designated by the IMPI or General Attorney's Office, as the case may be. At the time of seizure, Customs will also draw up a detailed document containing the following information:

- the name of the authority carrying out the proceedings;
- the resolution suspending the free circulation of the infringing merchandise;

- a description of the nature and other characteristics of the merchandise;
and
- the place where the merchandise will be stored at the disposal of the competent authority.

Two assistant witnesses must be appointed by the party from which the goods are seized; if no witnesses are assigned, or if they do not agree to act as such, Customs will appoint them. A copy of the Customs document must then be delivered to the intended recipient of the goods, together with a copy of the resolution suspending the free circulation of the merchandise issued by the competent administrative or judicial authority. This resolution will contain the following information:

- the name of the importer;
- a detailed description of the merchandise;
- the customs point through which the merchandise will enter;
- the estimated period of arrival of the merchandise at the customs point, which cannot exceed 15 days;

- the warehouse at which the seized merchandise will be stored, which must be located in the vicinity of the corresponding customs point; and
- the express appointment or acceptance of the trustee.

The Customs Law provisions on border measures are in accordance with Article 1718 of the North American Free Trade Agreement, which states that the signatory countries will “adopt procedures to enable a trademark owner to lodge an application in writing with its competent authorities for the suspension by the customs administration of the release of infringing goods into free circulation”.

UNREGISTERED RIGHTS

Article 92(I) of the Industrial Property Law states that a trademark registration will not be enforceable against a third party which has used, continuously and in good faith, an identical or similar trademark prior to the filing date or declared first use of the registered trademark.

In the case of prior good-faith, uninterrupted use, Article 151(II) entitles the prior user to contest the validity of an identical or similar registered trademark within three years of the date on which the *Trademark Gazette* containing publication of the registration is put into circulation. In such case the plaintiff must prove continuous and uninterrupted use of the trademark prior to the filing date or declared first use; however, it need not prove good-faith use of the trademark.

There is no direct action for the enforcement of unregistered rights against unauthorized use by third parties. However, rights over distinctive signs, such as trade dress, can be brought before the IMPI through unfair competition actions provided in Articles 213(I) and (IX) of the Industrial Property Law, without any need for registration.

Trade dress enforcement: On January 25 2006 the Industrial Property Law was amended to include, among other things, the possibility to enforce the rights acquired through the use of trade dress. The reform sees the unauthorized use

of an identical or confusingly similar trade dress to one previously adopted by a third party as a type of unfair competition. 'Trade dress' is defined as a combination of distinctive signs, operative elements and other image elements. Unregistered rights in trade dress can be protected.

TIMEFRAME

For both registered and unregistered marks, it usually takes between two and three years to obtain a final and binding decision in an infringement action. In the case of criminal complaints brought before the General Attorney's Office, execution may take between 15 and 45 days.

6. OWNERSHIP CHANGES – LEGALIZATION REQUIREMENTS

Documents reflecting a change in ownership that originate in Mexico need not be legalized.

Where the documents reflecting a change in ownership originated abroad and were created before the corresponding foreign authority, they may either be legalized by the Mexican consul or be authenticated by apostille.

Documents reflecting a change in ownership that are private rather than public - such as licence and assignment agreements - are valid without any formalities. Nonetheless, it is recommended that the parties' signatures be acknowledged before a notary public and authenticated by means of apostille.

Recordal of change of ownership takes approximately two months from the date of filing.

7. AREAS OF OVERLAP WITH RELATED RIGHTS

Article 90(XIII) was inserted in the Industrial Property Law with the aim of preventing overlap between copyright and trademark rights.

Although Article 90(XII) is intended to avoid overlap between IP rights, there are some instances where trademark rights should be considered to be complemented by copyright as a result of cumulative protection. This can be achieved through a right provided in the Copyright Law known as the '*reservas de derechos*', which grants the holder the exclusive right to use the names or

titles of periodical publications, periodic broadcasts, artistic names, advertising promotions and fictitious characters.

Although some of the subject matter protected by the *reservas* can also be protected through trademarks (eg, the titles of periodical publications and artistic names), in practice the protection granted by the *reservas* for fictitious characters differs substantially from that granted by trademarks. In such instances of double protection, the trademark protects the commercial scope of the subject matter while the *reservas* protects the artistic part of the subject matter.

8. ONLINE ISSUES

The Mexican IP system affords protection to registered and unregistered marks regardless of the media through which they are used. Therefore, such protection also extends to the Internet.

Thus, trademark infringement will be also punished when it is effected through an electronic network. Nevertheless, as the online use of trademarks still constitutes relatively uncharted territory, this is a question of law that will have to be tested further in the Mexican courts.

Mexico has adopted an innovative system as regards the use of registered marks in local domain names. The '.mx' country-code top-level domain is administered by NIC Mexico, an academic rather than government body, and one of the criteria for registration of a '.mx' domain name is express adherence to NIC Mexico's General Domain Name Policy. Among other things, this obliges the registrant to submit to NIC Mexico's Domain Name Dispute Resolution Policy.

Proceedings under the Domain Name Dispute Resolution Policy are decided by a panel of arbitrators from the World Intellectual Property Organization Arbitration and Mediation Centre (either one or three arbitrators, depending on the choice of the parties). The claimant will succeed if it can prove that the following procedural requirements are satisfied:

- The domain name is identical or confusingly similar to a registered trademark or service mark, registered slogan, appellation of origin or *reservas* in which the complainant has rights;
- The registrant has no rights or legitimate interests in respect of the domain name; and
- The domain name has been registered or is being used in bad faith.

The Domain Name Dispute Resolution Policy goes beyond the Uniform Dispute Resolution Policy (UDRP) in two innovative respects:

- It is also available for the enforcement of other IP rights in addition to registered trademarks or service marks, such as registered slogans, appellations of origin and even *reservas* registrations; and
- It requires proof that the domain name either has been registered or is being used in bad faith — the UDRP requires proof of both registration and use in bad faith.