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## OWNERSHIP AND SCOPE OF MARKS

### 1. WHO MAY APPLY?

Trademarks in Mexico are regulated under the current Mexican Law of Industrial Property (LIP), which was enacted on 27 June 1991 and further amended on 2 August 1994, and also under the Regulations to the L.I.P.

Article 87 of the LIP establishes who may use and therefore own a trademark registration –ie, 'industrialists, merchants, or service providers may use trademarks in industry, in commerce or in the services they render'.

Nevertheless, the right to their exclusive use is obtained through their registration with the Mexican Institute of Industrial Property (IMPI).

In Mexican practice, any kind of person or entity is entitled to apply for a trademark registration before the IMPI.

### 2. WHAT MAY AND MAY NOT BE PROTECTED AND REGISTERED AS A TRADEMARK?

In accordance with article 89 of the LIP, all visible signs can be protected provided that they are sufficiently distinctive, being able to identify the products or services to which they apply or are intended to apply with respect to those in the same class.

This definition is followed in the Mexican practice and, for that reason, olfactory and auditory trademarks cannot be protected in Mexico. However, three-dimensional signs can be protected as trademarks as these are visible signs.

The limitations as to what cannot be protected as a trademark are established in a rather long article (article 90 of the LIP), which is a list of prohibitions and the only legal source for rejecting a trademark application. These prohibitions include:

marks that are identical or confusingly similar to previously registered marks or marks for which registration is pending, applied to the same or similar products or services;

descriptive and generic marks;

geographic indications and names of places that are characterised by the manufacture of certain products; and

three-dimensional forms of common usage or because said form is imposed by its nature or industrial function.

The legal standards for the examiners to determine the issue of confusing similarity are not provided in the law, but rather in precedent case law issued by the Mexican federal courts.

#### NOTORIOUS AND FAMOUS TRADEMARKS

On 19 April 2005, the Mexican Senate approved a Decree whereby some articles of the LIP were amended as well as new articles were introduced thereto, all of them concerning well-known trademarks (hereinafter, the Reform). The reform was published in the Federal Government Gazette of 16 June 2005 and came into force on 17 June 2005.

The highlights of the reform can be summarised into two important aspects: the introduction of two levels, namely a first-level 'notorious trademarks' and a higher-level 'famous trademarks'; and the authority for IMPI to issue a declaration certifying that a trademark is 'notorious' or famous.

This distinction is caused by the fact that the level of knowledge is greater for some trademarks than for other trademarks and thus the scope of protection for one or another needed to be established differently. Under this rationale, trademarks that are generally well known in Mexico are placed in the higher level and named famous trademarks, while those trademarks that are relatively unknown in Mexico are placed in the first level and named notorious trademarks.

Under these principles, a trademark will be deemed notorious when a particular sector of the public, or of trade circles, in Mexico known of the trademark as a result of commercial activities developed in Mexico, or abroad, by a person who uses this trademark in connection with its products or services, or else as a result of the promotion or advertising thereof. In turn, a trademark will be deemed famous when the majority of the public knows of it.

The second relevant aspect of the Reform is that the IMPI is provided with the authority to issue a declaration certifying that a trademark is a notorious or a famous trademark in Mexico. This declaration must be instrumented by a certificate from the IMPI, which shall be issued after certain requirements are met by the petitioner.

Thus, the declaration by the IMPI must be understood as a juridical act whereby a question of fact, namely whether a trademark is notorious or famous in Mexico, is recognised for all legal purposes. Further, the declaration will be issued independently of the authority kept by IMPI to estimate if a trademark is

notorious or famous within the context of trademark litigation proceedings (either infringement or cancellation proceedings) or as a result of the examination of a trademark application.

In other words, before the reform, the IMPI had the authority to estimate whether a trademark was a well-known trademark only in relation to litigation proceedings, as derived from the evidence filed by the owner of the well-known trademark, or else related to the prosecution of an application for registering a trademark that is identical or confusingly similar to a trademark that the IMPI has deemed as well known in Mexico. Under the new provisions, the IMPI will be authorised to declare that a trademark is notorious or famous in Mexico independently from the context of trademark litigation or trademark procurement.

However, at the time of writing, the IMPI is yet to issue the tariff establishing the government fees to be charged for the filing of a petition for a declaration of a notorious or famous Trademark.

While technically speaking the lack of issuance of the tariff does not preclude the right for petitioning the declaration, it is fact that filing it without paying the government fees would result time-and cost-consuming legal discussions with the IMPI. The tariff, however, has not been published yet.

#### TRADEMARK OFFICE PROCEDURES

#### 3. HOW LONG DOES IT TYPICALLY TAKE, AND HOW MUCH DOES IT TYPICALLY COST, TO OBTAIN A TRADEMARK REGISTRATION?

If the trademark registration for a word mark does not face any objection as to its inherent registrability or any anticipation of a similar or identical prior registered mark, completing registration could take at least three months. In the case of a design trademark, it could take at least five months. The reason for this difference in the time frame for registration is because searches for prior registrations regarding designs are conducted manually by the IMPI.

The attorneys' fees for filing a trademark application are around US\$500, rising to US\$1,000 if the application faces any objection. The government fees for filing a trademark application are around US\$250. If objections are faced, further fees could be accrued in the region of US\$125.

#### 4. WHAT CLASSIFICATION SYSTEM IS FOLLOWED, AND HOW DOES THIS SYSTEM DIFFER FROM THE INTERNATIONAL CLASSIFICATION SYSTEM AS TO THE GOODS AND SERVICES THAT CAN BE CLAIMED?

Mexico adopted the Nice Classification in 1989 and became party to the Nice

Agreement on 21 March 2001.

It should be noted that no multiple-class applications are allowed in Mexico because the principle of speciality is followed, therefore, trademarks in Mexico shall be registered in relation to specific products and services pertaining to one class in accordance with the list of the Nice Classification.

5. Are applications examined for conflicts with other trademarks? What is the procedure followed by the Trademark Office?

As part of the 'novelty' examination conducted by the examiners during the prosecution of all new trademark applications, the study of conflict with other trademarks is included by means of conducting an online search of the IMPI's database to determine whether there is already on record or under the registration process, a trademark that could be considered similar or confusingly similar to the one proposed. If any similar or confusingly similar trademark is revealed in the search, it is analysed with respect to the proposed mark to determine if the confusion between them is triggered by their graphic, phonetic and conceptual aspects, as well as considering also the similarities between the products or services of interest.

If the examiners consider any prior mark as a barrier to obtaining registration of the proposed mark, an official action is issued informing of the novelty examination result and granting the trademark applicant a two-month term that can be automatically extended for a further two-month term that can be automatically extended for a two months to provide legal arguments against the cited mark and to try to overcome them.

6. DOES USE OF A TRADEMARK OR SERVICE MARK HAVE TO BE CLAIMED BEFORE A REGISTRATION IS GRANTED? DOES PROOF OF USE HAVE TO BE SUBMITTED? IF REGISTRATION IS GRANTED WITHOUT USE, IS THERE A TIME BY WHICH USE MUST BEGIN TO MAINTAIN THE REGISTRATION?

Use in Mexico is not required to obtain registration; however, section III of article 113 of the LIP establishes the possibility of providing an exact date of first use of the trademark in Mexico in the application papers if there was such use. The reason for requiring the exact date is that the LIP recognises use in Mexico as a source of rights against third parties.

According to the LIP, a trademark registration in Mexico is in full force for a term of 10 years as of its filing date. However, if the trademark registration is not used within a period of three consecutive years as of the registration date or for

further periods of three years, it will become vulnerable to a cancellation action by third parties based on non-use.

#### 7. IS THERE AN APPEAL PROCESS IF THE APPLICATION IS DENIED?

If an application is denied by the IMPI, the applicant may choose between two different venues: a review recourse before the IMPI, or appeal before the Federal Court of Tax and Administrative Affairs (FCTAA).

A review recourse is a remedy that must be filed before the IMPI within 15 working days of the day after the date of notification of the denial. The review recourse is resolved by the administrative superior of the person who issued the denial at the IMPI. A review recourse is only advisable when the denial is founded on a clear mistake of the IMPI (eg, a denial based on an alleged lack of a particular document when the document was in fact filed in due time).

In cases where the denial is based on a prohibition of article 90 of the LIP, a review recourse is not advisable as it is very likely that the superior will confirm the denial resolution appealed. Against a decision issued by the IMPI under a review recourse, the applicant may file an appeal before the FCTAA.

The appeal before the FCTAA can be filed within 45 working days of the day following the date of the notification of the denial or the decision of the review recourse. This appeal is decided by an administrative entity (it is not a court of law) that decides whether the IMPI correctly applied the LIP or not.

The appeals are resolved by three administrative magistrates in public hearings, where the parties may not make oral arguments but only hear the discussion of the case between the magistrates. All arguments must be submitted in writing during the prosecution of the appeal.

In this appeal, the applicant or appellant must prove that the IMPI's considerations to deny the application did not comply with the provisions of the LIP. The IMPI will be the counterparty, trying to prove the legality of its denial.

The losing party can make a final appeal before a federal circuit court against the decision of the FCTAA. This appeal must be filed within 10 working days of the day following the notification of the decision to the losing party.

The resolution of the circuit court is final. If the IMPI loses the appeal, it must comply with the resolution within a short period.

#### 8. MAY A THIRD PARTY OPPOSE REGISTRATION OR SEEK CANCELLATION OF A TRADEMARK OR SERVICE MARK? WHAT ARE THE PROCEDURES?

Opposition proceedings are not allowed under the LIP; only the possibility to expunge a trademark registration from the registry, based on any of the causes of cancellation established by the LIP in article 151, which are as follows.

The trademark is identical or confusingly similar to another one that has been used in Mexico or abroad prior to the date of filing of the application, and it is applied to the same or similar products or services, provided that the party who asserts the greater right for prior use proves they have used the trademark continuously in Mexico or abroad prior to the mentioned filing date or declared use, then the applicable statute of limitations is three years as of the date the Trademark Gazette publishing the disputed registration was put into circulation. The registration was granted on the basis of false information mentioned in the application, related to the date of first use in Mexico (if any), to the factory address where the goods to be covered are or will be manufactured, or to the domicile of a commercial establishment where the goods or services are commercialised or rendered. The applicable statute of limitations is five years as of the date the Trademark Gazette publishing the disputed registration was put into circulation.

The existence of a senior registration for a trademark identical or similar to that covered by a junior registration, and the goods or services covered thereby are similar or identical in nature. The applicable statute of limitations is five years as of the date the Trademark Gazette publishing the disputed registration was put into circulation.

Registration is obtained by the agent, representative, user or distributor without authorisation of the owner of the foreign trademark registration. No statute of limitations applies to this action.

A general cause of cancellation is available and it relies on the granting of registration against any provision of the IPL, or of the law in force at the time registration was granted. This cause of cancellation has no statute of limitations. Furthermore, article 130 and section I of article 152 of the LIP establish that if a trademark is not used during three consecutive years on the products or services for which it was registered, the trademark registration will be subject to cancellation for lack of use unless the holder or the user that has a granted licence recorded has used it during three consecutive years immediately prior to the filing date of the cancellation action for lack of use, or when circumstances exist that arise independently from the will of the trademark holder, which

constitute an obstacle to the use of the same, such as importation restrictions or other governmental requirements applicable to the goods or services to which the trademark applies.

Therefore, if a registered trademark is not used for three consecutive years, it will become contestable on account of non-use.

Cancellation procedures are filed and prosecuted directly at the IMPI. However, the decision of the IMPI may be appealed by recourse to a review before IMPI and/or before the FCTAA and the decision of this court may be further appealed before a circuit court. For more details of the appeal process, see question 7.

#### 9. HOW LONG DOES A REGISTRATION LAST AND WHAT IS REQUIRED TO MAINTAIN A REGISTRATION?

A trademark registration in Mexico is in full force for a term of 10 years as of its filing date, and, in order to maintain such registration it is necessary to have use of the trademark in Mexico within a term of three consecutive years counted as of its date of grant and for further terms of three years, otherwise the registration would become vulnerable to cancellation actions based on non-use. It is important to comment that if the registration is not used and not contested by any third party it would be in full force until its renewal time. However, it would be necessary to conduct use of the corresponding trademark registration within a term of three consecutive years prior to petitioning renewal, otherwise the renewal will not be warranted and the registration would lapse.

#### 10. WHAT ARE THE BENEFITS OF REGISTRATION?

A trademark registration grants the exclusive right to use the trademark in Mexico for the goods or services covered by the same and will prevent any third party from obtaining a registration for an identical or confusingly similar trademark. Likewise, with a registered trademark, the right to pursue infringement actions against third parties is possible.

#### ASSIGNMENT

#### 11. WHAT CAN BE ASSIGNED – TRADEMARK WITH GOODWILL, WITHOUT GOODWILL, ALL OF THE GOODS AND SERVICES, SOME OF THE GOODS OR SERVICES? MUST OTHER BUSINESS ASSETS BE ASSIGNED TO MAKE IT A VALID TRANSACTION?

The LIP establishes that the rights deriving from an application for trademark registration or from a registered trademark can be transferred in the terms and with the formalities established by civil law. The transfer of rights must be

recorded with the IMPI to be effective against third parties.

The civil law establishes no particular provision for the transfer of a trademark, thus the requirements are the same as for the normal purchase of any merchandise. In that sense, trademarks can be transferred without any restriction, that is, with or without goodwill and with or without any part of the business assets.

There is only one special rule in the LIP for cases of transfer and it refers only to mergers. In the case of a merger, the LIP assumes that all the trademarks of the merger company are transferred to the merging company, unless stipulated otherwise. In this case, the merger has also to be recorded before the IMPI to have legal effects against third parties.

#### 12. WHAT DOCUMENTS ARE REQUIRED?

There is no form of assignment prescribed in Mexico, therefore the original assignment document or a signed copy, notarised and legalised by apostille executed by both parties will be accepted by the IMPI.

#### 13. MUST THE ASSIGNMENT BE RECORDED FOR VALIDITY?

The assignment is valid and in force between the assignee and assignor regardless of its recordal. However, the assignment must be recorded before the IMPI in order to have effects against third parties and to be recognised as well as valid and enforceable against subsequent assignees acting in good faith, against other third parties and in courts and administrative agencies, such as with the IMPI. There is no monetary penalty for failure to record an assignment.

#### 14. ARE SECURITY INTERESTS RECOGNISED?

Security interests are recognised by the LIP only for recording purposes. However, they are regulated under the provisions of the Law of Titles and Credit Operations, which is of a mercantile nature, as well as the Commerce Code under the chapter 'Security interests without the transmission of possession'.

The effect of recording a security interest of a trademark is only being able to oppose it against third parties.

#### MARKINGS

15. WHAT WORDS OR SYMBOLS CAN BE USED TO INDICATE TRADEMARK USE OR REGISTRATION? DO THESE WORDS OR SYMBOLS HAVE TO BE USED? WHAT ARE THE BENEFITS OF USING THEM AND THE RISKS OF NOT USING THEM?

According to article 131 of the LIP, a 'registered trademark' (marca registrada - 'MR' or '®') can be used to indicate that a trademark is registered.

The use of the registered trademark words or symbol is not mandatory.

However, according to article 229 of the LIP, their use is required in order to be able to enforce certain rights such as:

to exercise civil and criminal actions arising from the violation of industrial property rights; and

to request imposition of preliminary injunctions provided in article 199bis of the LIP.

The risk of not using such markings is to be unable to exercise civil and criminal actions arising from the violation of industrial property rights or to request the imposition of preliminary injunctions.

#### TRADEMARK ENFORCEMENT PROCEEDINGS

16. WHAT TYPES OF LEGAL OR ADMINISTRATIVE PROCEEDINGS ARE AVAILABLE FOR ENFORCING TRADEMARK RIGHTS AGAINST AN INFRINGER, APART FROM PREVIOUSLY DISCUSSED OPPOSITION AND CANCELLATION ACTIONS? ARE THERE SPECIALISED COURTS OR OTHER TRIBUNALS? IS THERE ANY PROVISION IN THE CRIMINAL LAW REGARDING TRADEMARK ENFORCEMENT?

A trademark registration can be enforced against alleged infringers in two different venues. Where the infringer is using a confusingly similar trademark distinguishing identical or similar goods or services to the one covered by registration, the trademark registration can be enforced against the infringer by filing an infringement action before the IMPI.

Where the infringer is using an identical trademark to the one registered to distinguish the same goods or services covered by registration (counterfeit), the trademark registration can be enforced either by filing a criminal action before the Federal Prosecutor's Office or by filing an infringement action before the IMPI.

The IMPI is not a court of law, but rather an administrative authority. The consequences of the IMPI's resolution declaring an infringement are: a fine imposed on the infringer and an order to immediately stop the infringing activities. A civil action to claim damages before a civil court is available, once the IMPI's resolution declaring the infringement of a trademark registration is final and beyond the possibility of appeal.

The criminal law establishes no provision regarding trademark enforcement; only the LIP defines what constitutes trademark infringement as well as a

trademark counterfeiting. Infringement is prosecuted before the IMPI and counterfeiting before the Attorney General's Office.

#### PROCEDURAL FORMAT AND TIMING

17. WHAT IS THE FORMAT OF THE INFRINGEMENT PROCEEDING? IS DISCOVERY ALLOWED? LIVE TESTIMONY? EXPERTS? WHO DECIDES THE CASE? HOW LONG DOES THE PROCEEDING TYPICALLY LAST? IF THERE IS A CRIMINAL ENFORCEMENT MECHANISM, WHAT IS THE PROCEDURE?

The prosecution of an infringement claim before the IMPI is simple and it begins with the filing of a formal written claim. Once the IMPI admits the claim, it serves a notice on the defendant giving it 10 days in which to answer. The defendant is to answer the claim alleging whatever it deems pertinent, and thereafter the IMPI decides on the merits of the case. Both the plaintiff and the defendant must produce the supporting evidence at the time of filing the claim or answering it, respectively. The IMPI's decision can be appealed before the FCTAA. The decision of this administrative court can be appealed to a circuit court.

To prove the infringement, the plaintiff is entitled to file any kind evidence available except confessional and testimonial evidence. The most commonly used evidence to help prove an infringement is a visit of inspection to the premises of the infringer. The visit of inspection is conducted by an IMPI inspector and it usually takes place at the moment of serving notice of the claim and/or the order imposing a preliminary injunction on the defendant. A form of discovery is available for the plaintiff, which is fully explained in question 21 below.

By the same token, the LIP provides also the possibility of requesting and implementing provisional injunctions, before the filing of the infringement claim or at any time during the prosecution thereto against infringers.

Regarding counterfeiting, there is a criminal enforcement mechanism where the infringer uses a mark identical to a registered trademark for identical goods or services, in which the trademark owner can enforce its rights by filing a criminal action before the Attorney General's Office.

To commence a criminal action, the injured party must first file a querrela, or complaint.

Upon receiving the complaint, the Attorney General'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 Attorney General'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 US\$100,000 in fines.

#### PROCEDURAL

#### 18. WHAT IS THE BURDEN OF PROOF TO ESTABLISH INFRINGEMENT OR DILUTION?

In terms of trademark infringement, the plaintiff has the burden to prove the usage of a confusingly similar trademark by a third party without authorisation. The issue of confusing similarity between the registered trademark and the one in use by the infringer is a matter of law that must be decided by the IMPI. On the other hand, in the case of an unfair competition action, the plaintiff must prove actual confusion in the consumers. In this case, the confusion is not a matter of law but a matter of fact, and the plaintiff has the burden to prove that the usage of the trademark made by the infringer makes some form of false representation that tends to cause consumers to believe that the defendant's goods or services come from the plaintiff.

#### STANDING

#### 19. WHO IS ENTITLED TO SEEK A REMEDY (TRADEMARK OWNER, LICENSEE, ETC.) AND UNDER WHAT CONDITIONS? WHO HAS STANDING TO BRING A CRIMINAL COMPLAINT?

In accordance with the LIP, the persons entitled to seek a remedy for either trademark infringement or a trademark counterfeit are the trademark owner and the recorded licensee. In the case of the recorded licensee, this right can be

removed from him or her in the licence agreement by the trademark owner; however, if there is no such clause in the licence agreement, the LIP recognises him or her (recorded licensee) as a person entitled to seek a remedy.

#### FOREIGN ACTIVITIES

#### 20. CAN ACTIVITIES THAT TAKE PLACE OUTSIDE THE COUNTRY SUPPORT A CHARGE OF INFRINGEMENT OR DILUTION?

Commercial and industrial activities that could trigger an infringement action must take place within Mexican territory. Commercial or industrial activities that take place outside Mexico cannot constitute an infringement of a Mexican trademark registration.

The LIP does not provide any regulations for contributory or wilful infringement. This means that even if these activities occur in Mexico, it would not be possible to pursue them through an infringement action. It is questionable whether these illegal activities could be enforced through unfair competition or criminal actions; we can confirm, however, that there is no precedent case law (jurisprudence) regarding these possible remedies.

#### DISCOVERY

#### 21. WHAT IF ANY, DISCOVERY DEVICES ARE PERMITTED FOR OBTAINING EVIDENCE FROM AN ADVERSE PARTY, FROM THIRD PARTIES, OR FROM PARTIES OUTSIDE THE COUNTRY?

In accordance with article 192bis of the LIP, the plaintiff in an infringement action is entitled to request from the defendant all the documentation necessary to help to prove the infringement that should be in the defendant's possession. The plaintiff must request from the IMPI the issuance of an order addressed to the defendant requesting this documentation, pointing out exactly what documents he or she is pursuing and the importance and relevance of the infringement case.

This provision is rarely used in Mexican practice. However, it can be used, and the IMPI should issue an order, granting 15 working days to the defendant to submit the documentation. The IMPI must warrant the safe deposit and protect any confidential information that the documentation requested may contain.

#### TIMING

#### 22. WHAT IS THE TYPICAL TIME FRAME FOR AN INFRINGEMENT OR DILUTION ACTION, AT THE TRIAL LEVEL AND ON APPEAL?

An infringement action before the IMPI could take between approximately eight and 12 months. The prosecution of an appeal before the FCTAA could take

between one and one a half years. An appeal before a federal circuit court could take eight months at the most.

#### LITIGATION COSTS

23. WHAT IS THE TYPICAL RANGE OF COSTS ASSOCIATED WITH AN INFRINGEMENT OR DILUTION ACTION, INCLUDING TRIAL PREPARATION, TRIAL AND APPEAL?

For preparing and filing a preliminary injunction request before the IMPI, the attorney's fees are in the region of US\$4,000; for preparing and filing an infringement action before the IMPI, and the attorney's fees are around US\$5,000.

Related activities such as the study and search for evidence, the preparation and filing of allegations and motions and the prosecution of the case are usually charged on an hourly basis.

Appeals are usually charged in the region of US\$5,000 to US\$6,500 per stage (FCTAA and federal circuit court).

#### APPEALS

24. WHAT AVENUES OF APPEAL ARE AVAILABLE?

The venues for appealing the IMPI's resolution in an infringement action are the same as for a trademark denial (see question 7).

#### DEFENCES

25. WHAT DEFENCES ARE AVAILABLE TO A CHARGE OF INFRINGEMENT OR DILUTION?

The usual defence would be to try to disregard confusing similarity with respect to the mark that is being enforced against the alleged infringer, as well as the to disregard the alleged similarity as to the services or products covered.

Prior use in Mexico is also a defence available to an alleged infringer, provided that he or she has been using the trademark in a continuous and uninterrupted matter prior to the filing date or the first use declared. This defence is established in section I of article 92 of the LIP.

#### REMEDIES

26. WHAT REMEDIES ARE AVAILABLE TO A SUCCESSFUL PARTY IN AN ACTION FOR INFRINGEMENT OR DILUTION? HOW IS MONETARY RELIEF APPORTIONED? IS INJUNCTIVE RELIEF AVAILABLE, PRELIMINARILY OR PERMANENTLY, AND IN WHAT CIRCUMSTANCES AND UNDER WHAT CONDITIONS? WHAT CRIMINAL REMEDIES EXIST?

A civil action for seeking damages is available for the successful party in an

infringement claim, once the IMPI's resolution is final and beyond the possibility of appeal. The LIP establishes that the plaintiff is entitled to claim damages of no less than the 40 per cent of the commercial value of the infringing products. If the defendant is the party claiming damages, he or she must prove actual damages for the infringement procedure, most likely caused by the imposition of the preliminary injunctions. The criminal remedies are penalties that range between two and 10 years' imprisonment to approximately up to US\$100,000 in fines.

#### ALTERNATIVE DISPUTE RESOLUTION

##### 27. ARE ADR TECHNIQUES AVAILABLE AND COMMONLY USED? WHAT ARE THE BENEFITS AND RISKS?

It is possible to solve any dispute regarding trademarks through ADR rather than through litigation before the IMPI. Many arbitration proceedings are available at a national and international level. It is important to point out that, according to the LIP, the IMPI itself can act as an arbitrator if the parties decide to solve any controversy in this manner.

#### UPDATE AND TRENDS

##### PRELIMINARY INJUNCTIONS IN UNFAIR COMPETITION ACTIONS

Article 229 of the Industrial Property Law, establishes the following:

To take civil or criminal actions as a consequence of the infringements of an industrial property right, as well as to adopt the measures set forth in article 199bis of this law, it shall be necessary that the holder of the right has applied to the products, packaging or wrapping of the products protected by an industrial property right, the indications or writings referred to in articles 26 and 131 of this law, or by some other means have manifested or that it be a fact of public knowledge that the products or services are protected by an industrial property right. This requirement may not be required in cases of administrative infringements, which do not imply a violation of an industrial property right. Lately, IMPI has interpreted this article to refuse to grant preliminary injunctions in unfair competition actions. The reasoning of this is rather absurd and simple: According to IMPI, article 229 obliges the plaintiff to prove marking (eg. "MR" in cases of trademark registration infringements) to obtain preliminary injunctions, in cases when no registrations or IP rights granted are enforced, the plaintiff is not allowed to obtain preliminary injunctions as there is no possible way to prove marking.

For instance, when an infringement action is filed based in the unauthorised

use of a trade dress, the plaintiff will not be able to prove any marking over the trade dress, as its rights derive from the adoption and use thereof. Thus, in this scenario, the plaintiff will have no right to obtain preliminary injunctions.

In our view the last paragraph of article 229 should be interpreted so that the marking obligation should not be applied for any of the unfair competition cases and that the plaintiff might obtain preliminary injunctions, as in this case there is always a direct or indirect violation of an intellectual property right that cannot be enforced through any of the typical infringement violation specifically provided by the law. (eg. Patent or trademark infringement).

#### DILUTION

The dilution of a trademark was only treated by the IPL, as the possibility of losing exclusive rights by means of losing a trademark registration because a trademark owner provoked or allowed the mark to lose its distinctiveness and therefore become generic.

The recent amendments to the IPL with respect to well-known trademarks, introduced a new treatment for dilution in Mexico. Under this new disposition a trademark application can be denied when its use could dilute the distinctiveness of a well-known trademark.

There are no precedents yet to explain how this new cause of non-registrability should be interpreted, however, its interpretation and appliance will be a hot topic in Mexico in the years to come.

Source: Getting the Deal Through - Trademarks 2007.