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Applying for a patent

Patentability

What are the criteria for patentability in your jurisdiction?

The criteria for patentability are:

- patentable subject matter (ie, subject matter that is eligible for patent protection);
- novelty (ie, anything not found in the prior art);
- inventive step (ie, results of a creative process which are not obvious from the prior art to a person skilled in the art); and
- industrial application (ie, the possibility of an invention being produced or used in any branch of economic activity).

What are the limits on patentability?

According to Article 16 of the Industrial Property Law, the following subject matter is not patentable:

- essentially biological processes for obtaining, reproducing and propagating plants and animals;

- biological and genetic material as found in nature;
- animal breeds;
- the human body and the living matter constituting it; and
- plant varieties.

Further, Article 19 of the Industrial Property Law states that the following subject matter is not considered an invention:

- theoretical or scientific principles;
- discoveries that consist of making known or revealing something that already existed in nature, even though it was previously unknown;
- diagrams, plans, rules and methods for carrying out mental processes, playing games or doing business, and mathematical methods;
- computer programs;
- methods of presenting information;

- aesthetic creations and artistic or literary works;

- methods of surgical, therapeutic or diagnostic treatment applicable to the human body and animals; and

- juxtapositions of known inventions or mixtures of known products, or alteration of the use, form, dimensions or materials thereof, except where in reality they are so combined or merged that they cannot function separately or where their particular qualities or functions have been so modified as to produce an industrial result or use that is not obvious to a person skilled in the art.

To what extent can inventions covering software be patented?

Software as such cannot be patented in Mexico, since it falls within the prohibitions of Article 19 of the Industrial Property Law, which provides that computer programs are not considered inventions. Nevertheless, computer-readable claims are eligible for patent protection as long as the methodology and functions involved meet the patentability requirements.

To what extent can inventions covering business methods be patented?

Business methods as such cannot be patented in Mexico, since they fall within the prohibitions of Article 19 of the Industrial Property Law, which provides that business methods are not considered inventions. Nevertheless, computer-implemented inventions are eligible for patent protection as long as they meet the patentability requirements.

The Mexican Patent Office (IMPI) criteria for assessing the patentability of computer-implemented inventions tend to be similar to those of the European Patent Office. For example, it is required that a technical problem be solved in a novel and non-obvious manner using technical means.

To what extent can inventions relating to stem cells be patented?

Inventions relating to stems cells are patentable as long as they do not involve the

use or destruction of a human embryo in order to practise the invention, since the use thereof for obtaining human embryonic stem cells is prohibited on grounds of morality.

Inventions involving stem cells derivable from parthenotes or from established cell lines are patent eligible.

Are there restrictions on any other kinds of invention?

Article 4 of the Industrial Property Law excludes from patentability subject matter whose contents or forms are contrary to public policy, morality or proper practice, as follows:

"*No patent, registration or authorization shall be granted, nor shall any publicity be given in the Gazette in respect of any of the legal devices or institutions regulated by this Law, where their contents or form are contrary to public policy, morality or proper practice, or if they violate any legal provision*."

Grace period

Does your jurisdiction have a grace period? If so, how does it work?

Article 18 of the Industrial Property Law contemplates a one-year grace period for filing an application after disclosure of the invention by the inventor or his or her assignee, as follows:

"*The disclosure of an invention shall not prevent it from continuing to be considered new where, within the 12 months prior to the filing date of the patent application or, where applicable, the recognized priority date, the inventor or his assignee has made the invention known by any means of communication, by putting it into practice or by displaying it at a national or international exhibition. When the corresponding application is filed, the evidentiary documents shall be included in the manner laid down in the Regulations under this Law.*

The Publication of an invention contained in a patent application or in a patent granted by a foreign office shall not be regarded as corresponding to any of the situations referred to in this Article.

In order to claim the benefit from the grace period, it is required to file at the national entry any type of statement or declaration that includes information

about the prior disclosure such as means, place, date and the particulars of the exhibition at which it was shown or those relating to the first time that it was disclosed or put into practice."

Oppositions

What types of patent opposition procedure are available in your jurisdiction?

There is no formal patent opposition system in Mexico. The Patent Law only allows third parties to file information related to the patentability of the invention of a pending patent application within six months of publication of the patent application in the gazette. Such information may be considered at the examiner's discretion and will not suspend prosecution of the patent application. The person filing the information will not be considered a party and will not have access to the patent file or immediate legal standing to challenge a granted patent. After a patent is granted, anyone can inform the IMPI of causes of invalidity. The authority may consider such information discretionally to initiate an *ex officio*cancellation proceeding.

Apart from oppositions, are there any other ways to challenge a patent outside the courts?

No, in Mexico the only way to challenge a patent is through administrative proceedings (nullity or cancellation action) before the IMPI.

How can patent office decisions be appealed in your jurisdiction?

IMPI decisions can be appealed by filling a nullity trial before a single specialised IP court, or before the IMPI itself through a review recourse. The decision issued by the IP court may be appealed before 20 federal circuit courts in Mexico City; however, the case is assigned randomly by a computer system.

Timescale and costs

How long should an applicant expect to wait before being granted a patent and what level of cost should it budget for?

The estimated time to obtain a patent ranges from two to seven years, with an average time of four-and-a-half years. The typical cost of a patent obtained in Mexico ranges from $4,000 to $7,000.

Enforcement through the courts

Strategy

What are the most effective ways for a patent owner to enforce its rights in your jurisdiction?

Any patentee or licensee (unless expressly forbidden from doing so) has the right to file suit against a third party infringing its rights.

The patentee holds the right to carry the invention by excluding others from making, using or selling it. A patent owner is entitled to work its own patented invention as long as it does not infringe patents belonging to third parties. Broadly speaking, infringement occurs when a third party performs any of the abovementioned activities. Infringement can be imputed only to direct infringers, as the law does not recognise contributory infringement. In other words, only persons or entities making, using or selling the patented invention can be held liable for infringement (and not parties that help them to perform the infringing activity).

The prosecution of an infringement claim before the Mexican Patent Office (IMPI) is simple and begins with the filing of a formal written claim. Government fees to commence a proceeding (patent infringement or invalidity) before the IMPI are around $73.

Once the IMPI admits the claim, it serves notice on the defendant. The defendant has 10 days to answer the claim, including any allegations that it deems pertinent, and thereafter the IMPI decides on the merits of the case. Both the plaintiff and the defendant must produce supporting evidence at the time of filing the claim or answering it, respectively.

In accordance with the Industrial Property Law, an act will be considered to be infringing only where it has been committed within the territory of Mexico; infringement will not be considered if the patented invention has been used on a foreign vessel, aircraft or vehicle in transit in Mexico (the Industrial Property Law does not require reciprocal treatment by the laws of the foreign country from which the vehicle departed).

What scope is there for forum selection?

In Mexico, selecting the competent judge and choosing the competent jurisdiction raise few problems. The only way to enforce a patent is through administrative proceedings (ie, an infringement action) before the IMPI, which is not a court of law but rather a federal administrative entity. IP enforcement is regulated under federal law; no state law is available. By territorial jurisdiction, IP matters are mainly decided in Mexico City.

Pre-trial

What are the stages in the litigation process leading up to a full trial?

All evidence should be filed or announced with the original infringement claim or with the invalidity action before the IMPI. The applicable regulations do not contemplate a pre-trial stage; therefore, no evidence is produced at this stage, but evidence preparation may be necessary.

How easy is it for defendants to delay proceedings and how can plaintiffs prevent them from doing so?

Legally speaking, it is difficult for the defendant to delay the proceedings; however, the alleged infringer is entitled to post a counter-bond – of the same amount posted by the plaintiff plus 40% – to lift the preliminary injunctions. This may lead to a 'war of bonds', where in some cases the amount of the bond becomes more important than the merits of the case.

It is advised that the bond posted by the plaintiff be as high as possible, in order to avoid the lifting of preliminary measures during the administrative proceedings and to stop the infringing activities.

How might a party challenge the validity of a patent through the courts in anticipation of a potential suit for infringement being issued against it?

According to the Industrial Property Law, a defendant can file an invalidity action against a patent as a counterclaim within the same statutory term to file the response to the infringement action. An independent invalidity action can be filed, but if it is not filed along with the brief of response, it may be decided separately from the infringement; when the invalidity action is filed as a counterclaim, the IMPI is legally bound. Both the infringement claim and the counterclaim should be resolved simultaneously to preclude the possibility of contradictory decisions.

An action for invalidity retroactively cancels the patent's effects to the filing date of the application; therefore, the use of invalidity counterclaims is a typical strategy in the defence against infringement actions.

At trial

What level of expertise can a patent owner expect from the courts?

The IMPI, which is the authority empowered to issue administrative resolutions on patent infringement cases, is staffed by personnel with both the formal education and the technical qualifications needed to perform the tasks entrusted to it.

Moreover, in January 2009 a specialised IP division of the federal administrative courts began operations. This division has jurisdiction to review all cases based on the Industrial Property Law, the Federal Copyright Act, the Federal Law of Plant Varieties and other IP-related provisions. The creation of this division should help to improve the applicable criteria for IP cases, although the three magistrates comprising this tribunal have no technical backgrounds. The last appeal stage is formed by federal circuit magistrates; although they are highly knowledgeable on legal issues, they do not need to have IP or technical backgrounds.

In addition, there are a considerable number of associates and academic institutions – some of which are connected to the judiciary – which regularly organise seminars and lectures to promote, study and discuss IP issues directed to or along with judges and magistrates.

Are cases decided by one judge, a panel of judges or a jury?

The only way to enforce a patent is through administrative proceedings (ie, an infringement action) before the IMPI, which is not a court of law but rather a federal administrative entity.

The IMPI does not publish its judgments in patent infringement trials or any other proceedings until they are final and not subject to further appeal. However, some information relating to the decision remains confidential, especially if the parties request it.

If jury trials do exist, what is the process for deciding whether a case should

be put to a jury?

There are no jury trials in Mexico.

What role can and do expert witnesses play in proceedings?

Expert evidence is not required by law, but it is advisable in most cases to offer expert evidence, considering that the inventions and patents in question usually have characteristics that can be duly clarified only by an expert.

Expert evidence should be offered in the complaint, indicating the points on which the expert will deliver his or her opinion.

Does your jurisdiction apply a doctrine of equivalents and, if so, how?

For many years, the existing IP law has been interpreted to the effect that only literal infringement is recognised; infringement under the doctrine of equivalents is not expressly provided for by the law.

However, in a recent ruling on behalf of a pharmaceutical company, a circuit court considered the peripheral interpretation method as part of a non-binding precedent. The circuit court held that according to the relevant rules and regulations, it was clear that the legislature's intention was to grant claims with a fundamental role in the definition of the patent's subject matter. Further, these rules allow the state to protect industrial property to a greater extent and to prevent actions which affect the industrial property owner's exclusivity rights or constitute unfair competition – and to eradicate such practices by imposing corresponding penalties where applicable.

Therefore, the degree to which an action is infringing will be determined on the basis of its identification within or equivalence to the scope of protection of the patented claims.

Although this ruling does not exactly implement the US doctrine of equivalents, it is a step in the right direction.

Is it possible to obtain preliminary injunctions? If so, under what circumstances?

The Industrial Property Law provides for provisional injunctions, whereby the IMPI can take certain important measures against infringers. To obtain an

injunction, the plaintiff must:

- prove that it has a valid right to the patent in question;
- evidence a presumption of the violation of its patent rights; and
- post a bond to guarantee damages.

If the plaintiff asks the IMPI for a provisional injunction, a bond will be fixed as security against possible damages to the defendant. This injunction must be petitioned in writing and within 20 days of its execution the plaintiff must file a formal written claim of infringement. Failure to do so will cause the plaintiff to lose the bond in favour of the defendant. The defendant has the right to post a counter-bond – amounting to the bond posted by the plaintiff plus 40% – to stop the effects of the provisional injunction. The defendant may submit any allegations that it deems pertinent with respect to the provisional injunction within 10 days of the date of its execution.

As to the scope of injunctions, the IMPI may order the alleged infringer or third parties to discontinue acts constituting a violation of the law, and may also:

- order the recall or impede circulation of infringing merchandise;
- order the following to be withdrawn from circulation:
    - articles that have been illegally manufactured or used;

- infringing articles, packaging, wrapping, stationery, advertising material, signs, posters and other similar articles; and

- utensils or instruments destined for or used in the manufacture, production or obtainment of any of the abovementioned articles;

- immediately prohibit the marketing or use of infringing products;

- order the attachment of the products;

- order the alleged infringer or third parties to cease all infringing acts; and

- order a suspension of service or the closure of the relevant establishment when the abovementioned measures are insufficient to prevent or avoid the violation of IP rights.

If the product or service is in trade, the merchants or service providers will be required to refrain from selling the product or rendering the service as of the date of notification of the resolution.

The same obligation is imposed on producers, manufacturers, importers and distributors, which will be responsible for immediately recalling the products that are found in trade.

How are issues around infringement and validity treated in your jurisdiction?

A defendant in a patent infringement action can file an invalidity action against a patent as a counterclaim when filing the response to the infringement action. An independent invalidity action can be filed, but if it is not filed along with the brief of response to the infringement action, it will be decided separately from the infringement; when the invalidity action is filed as a counterclaim, the IMPI is legally bound. Both the infringement claim and the counterclaim should be resolved simultaneously to preclude the possibility of contradictory decisions.

Will courts consider decisions in cases involving similar issues from other jurisdictions?

Cases involving similar issues from other jurisdictions may be used as guidelines by the IMPI, but they are not binding.

Damages and remedies

Can the successful party obtain costs from the losing party?

The Industrial Property Law contemplates claims for damages and lost profits in civil law actions. Damages and lost profits accrue from the date on which the existence of infringement can be proved. Although claims for damages involve lengthy proceedings in addition to the administrative infringement action, the wording of the law intends to provide fair compensation to the affected party.

The Industrial Property Law establishes that the damages award to the plaintiff in infringement cases cannot be less than 40% of the public sale price of each infringing product or service. However, to be allowed to claim damages, the affected rights holder must have a final decision declaring that its rights were violated.

However, the Supreme Court is currently hearing a case that may substantially affect the ability to claim damages in Mexico. In particular, the Supreme Court is reviewing whether the 40% rule stipulated in the Industrial Property Law constitutes an automatic punitive damage derived from the violation of an IP

right, or whether the plaintiff must file evidence of actual damages.

What are the typical remedies granted to a successful plaintiff?

The typical remedy is a fine of up to $800,000 and a definitive injunction to stop the infringing activity. Criminal actions for patent infringement are available only for re-offence cases. In accordance with the Industrial Property Law, re-offence is found where a party infringes a patent after a final and unappealable decision of the IMPI confirming infringement. Re-offence is considered a felony that can be pursued *ex officio* or *ex parte* through the Federal District Attorney Office. This felony can be punished with up to six years of imprisonment and a fine.

Remedies are available to the plaintiff through civil actions. Civil actions are filed once an administrative action has been resolved and is not subject to further appeal. As a matter of principle, and in accordance with the Civil Procedural Law, the types of monetary relief that can be obtained from the courts are actual losses and lost profits.

How are damages awards calculated? Are punitive damages available?

Monetary damages are at least 40% of the commercial value of the infringing products. This minimum standard provision is known as the '40% rule'. Few patent cases have reached this stage and, as mentioned above, the matter is subject to be studied by the Supreme Court.

How common is it for courts to grant permanent injunctions to successful plaintiffs and under what circumstances will they do this?

Preliminary injunctions are confirmed and become permanent injunctions only once the infringement action has been resolved (if they are not lifted before by a counter-bond).

In accordance with the Industrial Property Law, the IMPI will place the bond or counter-bond at the disposal of the party that prevailed in the litigation when its decision becomes final (ie, not subject to further appeal).

Timescale and costs

How long does it take to obtain a decision at first instance and is it possible to expedite this process?

The initial stage of a patent infringement action before the IMPI usually takes two years. Once the IMPI issues a decision, the following two stages of appeal before the courts usually take at least three further years.

It is not possible to expedite the process other than hastening and lobby efforts.

How much should a litigant plan to pay to take a case through to a first-instance decision?

Government fees to commence proceedings (patent infringement or invalidity) before the IMPI are minimal – around $73.

Appeal

Under what circumstances will the losing party in a first-instance case be granted the right to appeal? How long does an appeal typically take?

Patent infringement decisions of the IMPI can be appealed by any of the intervening parties, thus bringing the matter before a single specialised IP court or the IMPI itself through a review recourse. The decision of the IP court can be appealed before 20 federal circuit courts in Mexico City, although the case is randomly assigned by a computer system. As to timeframes, for patent cases an appeal will not be decided in less than 15 months in each of the two eventual appeal stages.

Options outside court

Are there other dispute resolution options open to parties that believe their patents to be infringed outside the courts?

Arbitration is rarely used to resolve infringement cases and is considered legally unsuitable for cancellation actions, but there are no legal limitations with respect to a prior out-of-court settlement and the parties can stipulate any clauses they wish, provided that the terms of the settlement are not contrary to legal

provisions, custom or proper commercial or moral use. A settlement does not require government approval or registration with the IMPI, but recordation may be necessary when there are ongoing proceedings.