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Mexico is considered one of the most important offshoring/outsourcing destinations in Latin America, followed by Brazil and Argentina. Other flourishing outsourcing centres in Central America include Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic. The Central American Free Trade Agreement concluded with the United States has made offshoring and outsourcing in the region more attractive.

Mexico's success in the offshoring/outsourcing sector is partly down to recent economic growth and government policy, which has boosted the confidence of both local and foreign investors. Companies are now comfortable turning to Mexico to obtain key services at significant cost savings. Countries that regard Mexico as a valuable offshoring/outsourcing partner include the United States and Canada, which both have long-established commercial ties with the jurisdiction.

In recent years there has been a growing trend to subcontract services between developed and less developed countries. Technological services are key among such services, and may essentially be categorised as either software development services or business process services, such as customer care, call centres and document processing.

The main benefit of offshoring/outsourcing is the cost savings involved, as companies take advantage of lower-cost operations (particularly when it comes to salaries) provided by qualified and skilled professionals. However, in establishing a legislative framework that is conducive to outsourcing, the Mexican government must bear in mind that it is only economic benefits that lead companies to establish themselves in and relocate to Mexico, quality technical infrastructure and resources are also key factors.

STRONG IP REGIME

While Mexico certainly meets these expectations, another crucial advantage of outsourcing to Mexico is the regime governing the management of intellectual property. This is a key attraction, especially as foreign companies often encounter obstacles when enforcing their intellectual property rights in other countries with weak IP systems. In such cases foreign companies must take steps before doing business overseas to provide for the proper management

and protection of their intellectual property.

Domestic and foreign companies alike are well acquainted with the importance afforded to the protection of intellectual property in Mexico. This is why they choose to rely on the services of specialist IP law firms, which provide assistance and expertise not only when seeking protection of patents, trademarks or copyrights, but also when it becomes necessary to enforce IP rights that have been infringed.

OUTSOURCING IP SERVICES

As Mexico has numerous key trading partners worldwide - not only the United States and Canada, but also countries in Europe, Asia, and Central and South America – companies from these jurisdictions not only are investing and establishing business within the Mexican territory, but are also choosing to outsource management of their intellectual property to Mexico, confident in the knowledge that this will result in the proper and reliable management of their rights.

For decades, large Mexican companies have outsourced their intellectual property portfolios to specialist IP law firms, which are responsible for protecting their clients most important assets not only within the national territory, but also abroad. These firms in turn have the to outsource the management of an intellectual property portfolio to other IP boutiques in other countries.

The main factors for proper intellectual property management are outlined below.

KNOW YOUR CLIENT

IP counsel must have full knowledge of the client's business. This will allow them to establish a comprehensive protection strategy based on the client's needs, and in particular on the products manufactured and commercialised, and/or services rendered.

PROTECT EXISTING MARKS

After establishing a protection strategy based on the client's line of business, IP

counsel will seek to protect those goods/services of the clients bearing a distinctive mark, thus ensuring that consumers can identify its products and services in the marketplace both at home and abroad.

REGISTER NEW MARKS

Each time the company chooses a distinctive mark for use in relation to its goods/services, it is important to initiate a registration process, which must be accompanied by a trademark/service availability search.

Specialist search providers exist which do not conduct the searches themselves but rather outsource them to a specialist IP law firm in the country of interest. The local firm then conducts the search according to the client's needs. This enables IP counsel to establish the prospects for registration of the proposed mark in relation to the specific goods/services. If the search reveals no identical or confusingly similar marks used in relation to identical or similar goods or services, immediate trademark filing is recommended. The goods or services must be classified under the Nice classification.

Occasionally, similar registered marks are discovered which may be impediments to registration. In such cases it is important to assess the chances of securing registration, in view of the similarities between the marks and the products/services that they cover.

UNDERSTAND THE PECULARITIES OF THE SYSTEM

It is important to note that the Mexican industrial Property Law does not provide for the filing of opposition proceedings, as trademark applications are not published for opposition purposes as in most other countries.

In Mexico, an examination for novelty is conducted by the examining attorneys. If confusingly similar marks are discovered, registration of the mark will be opposed by way of an official action. In such case the Mexican Trademark Office will give the applicant a reasonable timeframe in which to file arguments to overcome the objection. If the examiner accepts the arguments filed in response to the objection, the proposed mark will mature to registration.

In other countries, as noted, trademark applications are published for

opposition purposes, allowing third parties to oppose the mark. In such cases registration will be possible only if the applicant can demonstrate important graphic and phonetic differences between the marks, and that the marks are not intended to cover the same products or services.

Under the Mexican Industrial Property Law, it is not possible to oppose registration of a trademark on the grounds of the existence of an identical or confusingly similar mark which has already been registered or for which registration has already been sought. However, an application will be rejected if the mark is descriptive or lacks distinctiveness, as provided in Article 90 of the law.

EXPAND THE SCOPE OF PROTECTION

Once registration has been secured in connection with the specific goods or services, it is important to try to obtain additional protection in other related classes under the Nice Classification. This will provide the client with comprehensive protection of its IP rights.

Quite often the owners of trademarks or service marks make use of their marks in Mexico through local distributors – perhaps subsidiary or even an individual. In such cases it is of utmost importance to register the local distributor, the subsidiary or the individual as an authorised licensee entitled to use the registered trade or service mark within the Mexican territory. For such purposes, it is necessary to record a license agreement with the Mexican Institute of Industrial Property. If the licence agreement complies with the legal requirements, the Mexican Institute of Industrial Property will issue an official notice confirming the local distributor, subsidiary or individual as an authorised licensee.

The use of a trademark or service mark by a registered licensee will directly benefit the mark owner and will not leave the trademark or service mark vulnerable to cancellation on the grounds of non use, as provided in Article 141 of the Mexican Industrial Property Law, which states: "Use of the trademark by a user who has been granted a licensee recorded before the Institute shall be deemed as use made by the trademark holder."

The licence agreement is effective against third parties if it is duly recorded with the Mexican Institute of Industrial Property. It has full legal force as against third parties not from the date of execution, but rather from the date on which

it is recorded with the Institute. The Institute must issue an official notice taking note of the authorised licensee.

Sale invoices, which are regarded as undisputed evidence of effective use of a mark in Mexico, may be supported by advertising materials, such as newspaper and magazine campaigns, television and radio commercials, etc. However, advertising materials by themselves do not constitute evidence of effective use, unless the goods or services are available in the Mexican marketplace.

CONCLUSION

In conclusion, local and foreign companies outsource the management of intellectual property to specialist IP firms which are responsible not only for obtaining protection, but also for enforcing IP rights when they are infringed. Although Mexican law provides the necessary tools with which to enforce IP rights, and measures up favourably against the regimes in other outsourcing centres, it is still far from meeting the needs of local and foreign companies when compared with the legislative frameworks in developed countries.

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