# MADRID SYSTEM IN MEXICO

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There is no doubt that the Madrid system should be beneficial for trademark owners when protecting their trademarks in several countries, particularly in terms of cost effectiveness. However, with regard to Mexico, three years of experience with the Madrid system have revealed certain practical and legal issues, which are important to consider prior to making a decision as to whether to apply for a trademark in Mexico via the Madrid system or directly with the Mexican Trademark Office ("TMO").

## Multi-Class Trademark Filings

A first issue to consider is the fact that the Mexican Industrial Property Law (IPL) does not allow for multi-class trademark applications. Consequently, an International Registration designating Mexico covering more than one class will automatically be split into separate Mexican applications (one per class). Each of these separate Mexican applications are subject to individual examination on both formalities and absolute/relative grounds for refusal, and the costs for responding an eventual provisional refusal in each class are also independent.

It is true that renewals and changes in ownership for multiple classes via Madrid filing are easier, as long as a single petition will renew registrations or make of record a change in ownership against several national registrations derived from Madrid, However, until the local registrations are finally granted by the TMO, costs for prosecuting the national applications derived from an international registration may substantially increase.

## Goods and Services Descriptions

A second important issue to consider is that although Mexico is part of the Nice Agreement, and thus the TMO applies the Nice Classification system derived from such agreement, the TMO will likely request amendments to products and services descriptions in International Registrations designating Mexico, despite the fact that such descriptions have been already accepted by WIPO without any objection.

The above is due to an extremely formalistic and rigid provision in the Regulations to the IPL, as well as the narrow criteria adopted by the TMO during the formalities examination, consisting of the fact that if certain specific products

or services do not exactly appear listed in the latest edition of the Nice Classification of products and services, the examiners will issue provisional refusals, requesting that the applicants clarify of the nature of the products or services and the language of their description in order to exactly match the alphabetical list of products and services provided in such classification.

For instance, if an application is filed through the Madrid System designating Mexico for a trademark covering "vegetable juices" in International Class 32, the Mexican Trademark Office is very likely issue a provisional refusal requesting applicant to clarify the nature of the "vegetable juices" sought to be covered in order to assess their correct classification, or otherwise suggesting to reword such products as "vegetable juices (beverages)" in order to keep the products in Class 32.

However, an application filed directly with the TMO by an experienced local counsel would surely avoid a similar objection, not because the examiner's criteria is different, but because of the knowledge of local practice of an experienced local counsel would make him suggest the client to reword the description of services to avoid such and odd requirements.. As a result, there is typically a delay in the prosecution of an application derived from a Mexican designation of an international registration, and also increased costs associated with the engagement of local counsel to file an Office Action response to the TMO.

Likewise, in those cases when a provisional refusal issues requesting that the applicant clarify the nature of goods/services to be covered arises from a clear mistake of the translation of such goods/services made by WIPO, the Mexican Trademark Office refuses to amend such mistake, thus forcing the applicant of the international registration to request the pertinent correction from WIPO. Nevertheless, the applicant is required to respond to the provisional refusal arguing WIPO's mistake in order to avoid the abandonment of the application (Mexican designation), which of course represents a further delay and an additional increase in costs.

**Appointment of Local Agents**

A third and arguably the most important issue to take into consideration is that although a large number of Mexican local applications derived from International Registrations designating Mexico have been successfully granted without any provisional refusals, and the Mexican trademark registrations granted under these circumstances are currently in full force and effect, it is nevertheless highly

advisable for the registrants to appoint local agents for service in those registrations.

The reason for this is that, under the current legal frame, if a Mexican registration obtained through the Madrid system is ever challenged by a third party, and no local agent has been recorded for service with respect to such registration, the service of such claim would be effected through "Letters Rogatory", with all inconvenience this may bring in terms of time and cost. [***See. Article 550 of the Federal Code of Civil Procedures***]

Particularly, it is clear that the service of a claim through Letters Rogatory involves an extremely formalistic international legal procedure, which may take several months or even years to be effectively concluded. Therefore, in some cases the delay in the service of a claim may preclude defendant from pursuing a counter claim, in those cases where the statutory term for asserting a counterclaim under certain grounds is quite short.

In practice, there have been a few cases where, in absence of an appointment of local agent for service in a Mexican Trademark Registration, claims filed by third parties have been served through a publication in the Official Gazette and a national newspaper. [***See. Article 154 of The Mexican Industrial Property Law***] This kind of service procedure results extremely risky, because the publications in both the Official Gazette and a national newspaper are usually hard to detect. Consequently, an invalidation or cancellation claim served by these means which is not detected by the defendant would produce their legal effects, and the registrations under this scenario would be declared cancelled without an opportunity for their owners to defend the actions. It is important to keep in mind that WIPO is only obliged to advise the affected party of the final decision declaring cancellation/invalidation of a registered mark, but not the existence of the claim and not the deadline to file its response. [***See. Rule 19 of the Common Regulation of the Madrid Agreement and Protocol***]

On the other hand, owners of Mexican Trademark Registrations filed directly with the TMO have local counsel already appointed in the case of an invalidation or non-use cancellation filing.

**Additional Legal Issues**

Some additional legal issues have been discussed in Mexico in connection with the Madrid System, particularly as far as it concerns to its Constitutionality, based on certain clear violations to the so called "National Treatment"

principle. **[See Article 133 of the Mexican Constitution in relation to all the provisions established in its Chapter I, as well as in relation to all International Treaties signed by Mexico (TRIPS, NAFTA, WTO, etc.)]**

Indeed, the so called "National Treatment" principle establishes that all Laws and Treaties applied in Mexico should grant foreigners (individuals or companies) the same treatment and benefits granted to nationals and vice versa. However, in practice there are certain situations where the users of the Mexican National trademark system are imposed with higher burdens that those imposed to the users of the Madrid System, and there are also certain benefits for the users of the National Trademark System with respect to those granted for the users of the Madrid System. Three examples of the above situations are described hereunder:

1. Under the National Trademark System, the IPL currently in force requires the applicant to indicate in the application papers a date of first use of the mark in Mexico, when such prior use exists, or the indication that the trademark has not been used, and this requirement is not imposed to the users of the Madrid System. [***Article 113 Section III of the Mexican Industrial Property Law***]

It is important to mention that use is not a requirement for obtaining registration in Mexico, but when such use has commenced prior to the filing of the application, such information becomes relevant.

The above because in case that any interested party attempts to cancel a registration where a date of first use was declared based on an alleged prior use, such party needs to demonstrate prior use not only in respect to the filing date of the application to be challenged, but also in respect to the date of first use declared in the corresponding application papers. [***See. Article 151 Section II of the Mexican Industrial Property Law***] This possibility is not granted to the users of the Madrid System, since there is no requirement for them to declare a first of use date when designating Mexico in an International Registration.

1. For renewal purposes, the IPL currently in force requires the registrants under the National Trademark System to declare under oath that the trademark to be renewed has been used in Mexico within the last three years preceding the renewal application date, and this is the only requirement stated in our law for renewal purposes. [ ***Article 134 Section II of the Mexican Industrial Property Law***] This requirement is not imposed to the users of the Madrid System for the renewal of the registrations derived from their Mexican designations.

2. When applying for recordation of any change of ownership (assignments, mergers, changes of names, etc.) under the National Trademark System, the Mexican IPL still imposes the applicants with the obligation to submit either original signed assignment documents or certified and legalized copies of assignments, mergers or change of name documents, while the users of the Madrid Systems are not required to provide any documentation when applying for recordation of such changes. [ ***Articles 9 and 10 of the Regulations to the Mexican Industrial Property Law***]

No constitutional claims have been filed before the Mexican Courts so far in connection with any of the above situations, but it would be interesting to see the potential consequences of an eventual constitutional claim in the future.

In conclusion, up to date it is difficult to tell which way (whether applying via WIPO or Mexican national system) may be more beneficial for the trademark owners, since the accession of Mexico to Madrid is still quite recent, and practitioners are still learning about the functionality and efficiency of the system in Mexico. However, the above issues should be taken into account when making the relevant decision.

**Use of the Madrid System by foreign users vs. Mexican users**

An interesting situation to consider is the poor use of the Madrid System by Mexican companies and individuals in comparison with the use of such system by foreign users.

According to the ROMARIN database, since Mexico's adoption of the Madrid Protocol in February 2013 up to May 5, 2018, the statistics of use of the Madrid system by Mexican users vs. foreign users is as follows:

| | |
|---|---|
| International Registrations with | |
| Mexico as a base country | **374** |
| Mexican designations in International | |
| Registrations based on foreign | |
| Registrations | **50,636** |

The above statistics clearly reflect that the Madrid System has been definitively beneficial for foreign trademark owners when protecting their marks in Mexico, but regrettably so far not for Mexican trademark owners when protecting their trademarks abroad, as very few big Mexican companies are the only ones who have used such system to protect their marks in foreign countries.

Apparently, there are two factors which may have caused this situation, namely:

1. It is a reality that most medium to small size Mexican companies or businesses do not consider IP protection as a priority investment, but as an expense which they try to drag as much as possible. In most cases, small size Mexican companies or businesses start protecting their marks in Mexico and other countries after they have started commercializing their goods or services, and in most cases once they find obstacles;

2. The fact that only Cuba and Colombia have joined Madrid in Latin America has precluded Mexican individuals and companies from using such system in this world's region, which is naturally one of most interesting regions for Mexican manufacturers, merchants and service providers.

Hopefully, the above situation will start changing as long as more Latin-American countries start joining Madrid, though, at this point in time no Latin American countries have openly showed interest in joining Madrid. Brazil and

Canada have expressed their intention to join the international system, but in none of this cases will occur at least before 2020