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Mexico, as well as many other foreign countries, does not follow the concept of dilution, but rather protects famous marks based on the "confusion" doctrine. For the purposes of this article it will be assumed that dilution can be somehow equated to the Mexican system of well-known marks. However, it is acknowledged that there are also great differences, which will be discussed. The Dilution Act of the USA has a unique purpose: it has created a legal figure for protecting trade marks as themselves, in their capacity to identify and distinguish products or services. The House Report of the Dilution Act follows definitions of McCarthy and Schechter which state that dilution applies when a defendant's use of a famous mark represents a unique, singular or particular source of goods and services. From the House Report of the Dilution Act it is possible to read that in order for dilution to occur the defendant must have used the mark commercially.

From the foregoing it is possible to draw a first conclusion: dilution actions are different from infringement and false designation claims, as they are targeted to protect trade marks (and other trade symbols perhaps) from essentially different wrongs.

In accordance with the Dilution Act, dilution can be divided into blurring and tarnishment. Blurring lessens the capacity of the famous mark to distinguish by informing consumers that the mark no longer represents one source.

Tarnishment lessens the capacity of the famous mark to distinguish by interfering with the goodwill consumers associate with the famous mark and/or products.

Under the US Dilution Act, for being diluted, the mark needs to be distinct and famous, and has to be used by the defendant in commerce.

PROTECTION OF FAMOUS MARKS IN MEXICO

PRINCIPLES OF TRADE MARK LAW

The key function of trade marks is distinguishing products and services from others in commerce. In fact, only marks that perform such a function are protected by the Law. The Law of Industrial Property (hereinafter LIP) defines marks as "every visible sign that distinguishes products or services from others of the same kind or class in the market." Professor David Rangel-Medina considers the principle of "distinctiveness" as an essential condition of validity of trade marks. By this virtue the mark shall specialize, individualize and singularize particular products or services and identify the source from which they originate. Following the ideas of Paul Roubier, Dr. Rangel-Medina holds that for justifying an exclusive right and the existence of renewal and enforcement rights arising therefrom, the mark shall be distinctive and that will happen only if it is not likely to be confused with other marks, in connection with identical or similar products or services, or if it does not constitute a generic symbol or one of usual use in the market or industry.

Following the legal principles and doctrines referred to above, the Third Circuit Court for Administrative Affairs in the First Circuit (Mexico City), ruled in 1981 that trade marks have the purpose to individualize and distinguish goods, which in addition have not to be confusingly similar with respect to other prior marks. The Law of Industrial Property (LIP) protects inherently trade marks only, that is, trade marks which are suggestive, fanciful or arbitrary. On the other hand, the LIP categorically prohibits registration of generic and descriptive marks, even if they have acquired distinctiveness as a result of a continuous and extensive use.

THE TRADITIONAL CONCEPT OF TRADE MARK INFRINGEMENT

The LIP provides various different causes of nullity actions.

From the provisions in the LIP it is clear that "confusion" represents the standard applicable in trade mark infringement cases. One of the particular provisions prohibits use of identical marks. Likelihood of confusion would be presumed if the identical mark is applied to the same products or services. If a variant or similar mark is used in connection with the same or similar products or services, then a "confusion" analysis would turn to be relevant.

Mexican trade mark jurisprudence applies a test for determining "confusion", from a "phonetical, "visual" and "ideological" standpoints. In addition,

"confusion" would be examined by having the marks analyzed in their entirety; by viewing them at their differences prior to their similarities; by entirety; by viewing them at their differences prior to their similarities; by looking them alternatively and not simultaneously; and by considering relatedness in the trade channels, and the sophistication of consumers.

IMPI is the authority empowered to apply the test, and to decide on whether there is a likeness between two particular marks. To that end, it has followed the principle that products or services within a particular class are deemed to be similar, with some exceptions. Accordingly, the law and jurisprudence have considered that similarity of products or services can occur when they share the same characteristics (ie similar trade channels or forms of commercialization), despite the fact that they fall into different classes.

FAMOUS MARKS

The 1994 amendment to the LIP introduced a modification to the rule of well-known marks. The new rule represents an improvement of the former law as it broadens and elevates the standards of protection of well-known trade marks. It is basically grounded on Article 1708 (6) of NAFTA, and in certain aspects on Article 6 bis of the Paris Convention for the Protection of Industrial Property. However, the Mexican provision certainly exceeds the requirements in both article 6 bis of the Paris Convention and article 1708(6) of NAFTA.

Article 90(XV) of the LIP understands for well known marks those with which a particular sector in the public or commercial circuits in Mexico is acquainted as a result of commercial activities carried on in Mexico or abroad, by any person that employs the mark in connection with their products or services, as well as the knowledge that the public has of the mark in the territory of Mexico, resulting from the publicity or advertising given to the mark anywhere in the world.

Article 90(XV) imposes a limitation, considering that if registered, the mark subject to registration is likely to create "confusion" or "risk of association" with a famous mark or to "disparage" it.

Accordingly, the LIP will protect famous trade marks upon the existence of a likelihood of confusion, association or disparagement. As mentioned, this would represent a restriction to the principle of "specialty", although it is not absolute. And it is not absolute as it would not be possible to seek cancellation or

infringement of a mark which is not sufficiently similar to the famous one, or that is applied to products or services that are entirely different, and that consequently, confusion is not strictly possible. Notwithstanding the fact that the Mexican rule is not absolute, such a provision is still above the standards of the Paris Convention of NAFTA, and has also been interpreted widely by the courts, as will be discussed below.

It bears mentioning that the LIP has given IMPI the powers to decide on the well-known status of trade marks. This would be true while prosecuting the trade marks, while under article 90(XV) of the LIP, as well as when resolving trade mark infringement causes of action in conformity with article 213(VII) of the LIP. The question has arisen though, as to whether IMPI would be additionally empowered to grant special registrations for famous marks. A specific reference cannot be found in the LIP, however the statute could be interpreted so widely as to say that the LIP has given the IMPI sufficient capacity to declare if trade marks have reached well-known status. This could be made *sua sponte* or by request of a party with so called "legal interest". Lastly, the LIP does not make any distinction whatsoever between famous or high reputed marks and well-known marks. It simply refers to "notorious" marks as one single concept. However, it is possible to draw a dividing line between "notorious" marks known to everyone and those known to particular sectors. That can be considered as a difference of degree, however such a division would be purely academic without any practical effect as, being a single concept, notorious and well known marks will be protected equally.

HISTORY

The first statute in Mexico recognizing the protection of well-known marks is the Law of Inventions and Trade Marks of 1975, as amended in 1986. Prior to that the issue on well known marks was addressed in cases that go back to the early fifties. The BULOVA decision represents a landmark case, whereby that famous trade mark used in connection with watches was protected by virtue of article 6 bis of the Paris Convention. The pirate obtained a registration for identical products, namely watches, a situation that allowed the courts to decide in favour of the rightful owners without any trouble.

There are also decisions by the Mexican courts where the issue was whether the products to which the alleged infringer applied the mark was "similar" in the context of article 6 bis of the Paris Convention. Thus, among others, the trade mark CADILLAC was protected against application of the same to clothing

products. Similarly, the trade mark GE was protected against a registration covering hardware, plumbing and steam fitting supplies. The same happened concerning the trade mark OMEGA associated with machinery and tools; the trade mark GUERLAIN as applied to perfumes and cosmetics; MARLBORO as applied to clothing; and CHANEL in connection with clothing as well.

Notwithstanding the importance of BULOVA as well as the other resolutions that were produced later, the GUCCI case would perhaps represent the most relevant decision on the subject of well-known marks. The GUCCI case involved two spurious registrations that the Trade Mark Office had granted to a pirate for the trade marks GUCCI and GUCCI AND DESIGN to cover footwear. In that case the courts discussed, among other things, whether the Paris Convention as an international treaty was self-executing. The plaintiff took two actions which were handled by two different courts. Judgments came in opposite directions, creating contradiction. As a result, and before the two decisions were taken to the Supreme Court, Congress passed an amendment to the law, implementing the protection of famous marks.

Accordingly, with the exception of the GUCCI court, the remaining decisions have been flexible, and have given a wide and positive interpretation to the rule.

PRESENT SITUATION

Coming back to the new rule on famous marks, we are not aware of any decisions pronounced by the courts interpreting the notions of "confusion", "association" or "disparagement". We tend to believe that as the language used in that provision is broader than that of the Paris Convention, the rationale of the CADILLAC and other courts would still be applicable to situations arising from the new rule.

IMPI has imposed a strict view in connection with the well-known status of a mark, and has imposed a burden so high that it has triggered problems to plaintiffs, as they would have to undoubtedly demonstrate to the satisfaction of IMPI, that the mark is widely sold and advertised, and that the consumer public of at least the sector connected with the products or services to which the mark is applied, has knowledge of the existence of the mark.

Thus in brief, the Mexican Trade Mark Law protects famous marks when the following conditions are met:

(1) That they are known in Mexico, by virtue of trade or advertisements made in Mexico or abroad.

- (2) That they are known at least among a particular sector of industry or trade.
- (3) That a third party use a mark which is likely to create confusion or risk of association mark with the famous mark or lead to its discrediting.

FAMOUS MARK PROTECTION COMPARED

From all the foregoing, it can be concluded that both the US and Mexican laws afford a certain form of protection to famous marks. The regimens are equivalent as they are aimed at protecting the same object, however, they are different at the same time, considering that under the US Dilution Act, famous marks are given protection from the perspective of their capacity to distinguish. In Mexico, protection of famous marks is viewed from the standard of "confusion". The Mexican LIP grants trade mark infringement actions and in a minor context unfair competition actions for repressing use of famous marks, and for prohibiting their tarnishment.