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I. INTRODUCTION.

1.1 MEXICO AND NAFTA: THE FACTORS OF THE CHANGES.

Before the year of 1989 the idea of an international treaty among North American countries seemed to be far away from becoming crystallized. However, such an idea developed and later matured into actual negotiations. This matched with the structural economic reform that Mexico had been

already conducting since 1983, when former protectionist views were replaced by a new open border policy based on international trade, technology transfer and investment. The objective behind was introducing an improved legal infrastructure that would allow the country to better compete in a modern global economy.

The Mexican Government knew that adoption of free trade principles required higher standards of intellectual property protection and enforcement, something that the Law on Inventions and Trademarks of 1976 (hereinafter LIT) was definitively not able to achieve. Accordingly, steps were initially taken in 1991 with the implementation of a new statute entitled "Law for the Protection and Development of Industrial Property" (hereinafter LPPIP), which offered significant changes in the fields of patent and trademark protection, prosecution and maintenance and enforcement of rights. From an international standpoint, Mexico joined the efforts of other countries in support of the Uruguay Round of GATT and later, when conceived, Mexico backed the TRIPS agreement.

Effective as of October 1st of 1994, major amendments to the LPPIP were approved and enacted by Mexican Congress aiming at ensuring a full compatibility of Mexican Patent and Trademark Laws with the standards in NAFTA. The title of the statute was reduced from LPPIP to Law on Industrial Property (hereinafter LIP). Finally on November 23, 1994, the Government published Regulations to the LIP, which entered into force fifteen working days after they were published in the Federal Official Gazette. Specific comments on all the foregoing will be made all along the present document. Comments will also be made concerning some of the fundamentals of Mexican Trademark Law in light of the standards of NAFTA and the way that NAFTA provisions were implemented into domestic Law.

1.2 THE OBJECTIVES OF THE NORTH AMERICAN FREE TRADE AGREEMENT IN RELATION TO INTELLECTUAL PROPERTY LAW.

As it was planned originally, the North American Free Trade Agreement (NAFTA) included specific discussion on Intellectual Property, resulting in the implementation of a special chapter (NAFTA, Article 102(1)(d) and Chapter XVII). The main idea backing it was to standardize, as much as possible, the domestic patent, trademark and copyright laws of each of the three subscribing countries [NAFTA article 1701(1)], over principles of national treatment [NAFTA, Article

1703(1)] and minimum standards of protection [NAFTA, Articles 1702 and 1703 (2)] . The last was not an easy one, considering the differences in the legal regimens of these three countries and their level of economic development. But more than one year after executed, chapter XVII of NAFTA has proved how different laws may be adequately standardized and even upgraded. As one commentator states, NAFTA "[i]5 the most comprehensive multilateral intellectual property agreement ever concluded, and generally establishes a higher level of protection that any other bilateral as multilateral agreement". (See Richard E. Neff and Fran Smallson, NAFTA, Protecting and Enforcing Intellectual Property Rights in North America, Shepard's McGraw-Hill, USA 1994, p.1).

II. OVERVIEW OF MEXICAN TRADEMARK LAW.

2.1.CONSTITUTIONAL FRAMEWORK/FEDERAL PROTECTION.

Along with patents, trademarks are protected in Mexico under a federal statute known as the Law on Industrial Property (LIP). Copyrights are regulated in another statute, also of federal nature, entitled "Federal Law on Authors' Rights" (hereinafter and for the purposes of this paper it will be called simply as "Copyright Law"). The division between patent and copyright is recognized in Article 28 of the Mexican Constitution of 1917, which reputes both of them as permitted monopolies, or in more proper words, as exclusive rights or "privileges", limited in time, conferred upon authors and artists with respect to reproduction of their works and upon inventors for exclusive use of their inventions or improvements (For a more indepth discussion see: Luis C. Schmidt, Computer Software and the North American Free Trade Agreement: Will Mexican Law Represent a Trade Barrier?, 34 IDEA – The Journal of Law and Technology – Number 1, 33-65 (1992).

Nothing was mentioned in said constitutional provision respecting trademarks. Notwithstanding the omission, the Mexican Constitution appointed Federal Congress with the powers to legislate on general aspects of commerce, category in which trademarks have been traditionally included (1917 Federal Constitution of Mexico, Article 73 (X). The foregoing has been reputed as the constitutional

provision in support of trademark law as a federal legal subject.

2.2. DUALITY OF RIGHTS: REGISTRATION AND USE OF MARKS.

As a statute of federal jurisdiction the LIP extends its legal effects over the entire territory of Mexico. There are no state legislations dealing with the subject or common law rights –as they exist in other countries- granting protection to any of the institutions and figures that are comprehended in that legal body. However, the Trademark Laws in Mexico (including the LIP and precedent Laws on Industrial Property of December 31, 1942 and of Inventions and Trademarks of February 10, 1976) were framed on a dual rights system based on registration and prior use of marks.

Registration has been considered the only source granting exclusive trademark rights; use is nevertheless protected if commenced prior to the filing date of a trademark application. In other words, exclusive rights arise from the registration of the mark in Mexico, however, anyone using an identical or similar mark without having sought for registration, will be entitled to specific rights if the use has been made continuously and in good faith.

Accordingly, an existing registration cannot be used for opposing a good faith previous user of an identical or confusingly similar mark that has been used on an interrupted basis, and in case that this may happen, such a senior user will be entitled to seek cancellation against the junior registration within five years following the date in which the Federal Gazette, publishing the existing registration, was put into circulation. Also, if the junior registrant of the mark files infringement action against the senior user of the mark, this latter may defend by "requesting registration of the trademark within three years following the day on which the registration was published, in which case it will first have to request and obtain a declaration of nullity of said registration" [LIP, Article 92(II)]. This is in full compliance with Article 1708(2) of NAFTA, which states that "[e]ach member country shall provide to the owner of a registered mark the right to prevent all persons not having the owner's consent from using in commerce identical or similar signs for goods or services that are identical or similar to those goods and services in respect of which the owner's trademark is registered, where such use would result in a likelihood of confusion in the case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any

prior rights, nor shall they affect the possibility of a member country making rights available on the basis of use" [NAFTA, Article 1708(2)].

2.3 REGISTRATIONS BASED ON INTENT TO USE OF MARKS.

Although with many variants from Canada, U.S. and other common law systems, Mexican Law accepts intent-to-use applications under the condition that use of the mark begins after a registration has been issued. This is in compliance with NAFTA provisions which state that subscribing Parties may condition registrability to the prior use of a mark, but adoption of that system will not be mandatory for any of the three member countries. “No party may refuse an application solely on the ground that intended use has not taken place before the expiration of a period of three years from the date of application for registration" (NAFTA, Article 1708(3)).
The Supreme Court of Mexico ruled in 1955 that the expression “whoever is using or wishes to use a mark", which was used in former Industrial Property Law of 1942, includes anybody who is actually manufacturing products covered by the mark, and anybody who is not yet producing but wishes to do so in the future. Consequently, under that rationale, registration was not conditioned to the fact that products were actually manufactured prior or simultaneously to the filing of an application. The Court understood that an exclusive right cannot be justified if the mark has not been exploited, and in case that use is suspended for more than five years (this was the term provided in the law of 1942), the registration would lapse. (See Unanimous Resolution from the Supreme Court of Justice, “Amparo” No. “Toca” 17/955/1°, filed by Legh-Chemie Gelathofen May 4, 1955). This resolution of the Supreme Court still should be applicable considering the possibility to file on intent-to-use under the present Law.

2.4. THE MEANING OF “TRADEMARK USE”

As in other systems, Mexican Trademark Law has been concerned with the meaning of trademark “use” and the amount of “use” acceptable in order that rights are triggered. As it was mentioned above, the Mexican Law provides a system primarily based on registration but additionally recognizing use as a source or rights. In keeping with this, use of marks in commerce shall accrue rights, but exclusivity arises from a valid registration only.

In principle, use may be restricted to the mark being affixed onto products or their containers. The Law of 1976 required that products and services were made, distributed, commercialized or rendered in “quantities and conditions corresponding to an effective commercial exploitation in the territory of Mexico”. That rule was not included in the LPPIP of 1991 and there was apparently no justificable reason for the omission. It was until last year that a similar provision was implemented in the Regulations to the LIP, which establishes that “use” of a mark will exist whenever products and services under the mark have been launched in commerce, in accordance to the practices and customs that are followed in each particular industry or market. Additionally, “use” will be determined if products and services are commercialized using adequate means and in quantities satisfying the needs of the industrial or commercial sector in particular. Lastly, it has also been considered that a mark is “used” when it is applied to products that are devoted to exportation. From the interpretation of the above explained rules, it is possible to conclude that sham sales would not give rise to trademark rights and that token use would also not be permitted in accordance with Mexican Laws.

Professor David Rangel Medina wrote in his Treaty on Trademark Law that the Law of 1942 allowed a broad interpretation of the word “use”, comprising any possible and imaginable forms by which a link between trademark and product could be established. He sustained that the purpose of Trademark Law is building a relationship, between the marks and the product to which it is applied, that is recognizable to the consumer public. The meaning and extension of the concept of trademark use should be only limited if all the foregoing is not fulfilled. (See: David Rangel Medina, Tratado de Derecho Marcario, Editorial Libros de Mexico, S.A., Mexico, 1960, p. 202-203).

In some Court resolutions it has been provided that marks shall not only be "used" when products are sold at retail level. "Use" requirements will suffice if products bearing the mark are available in commerce. To that end, produce will be "in commerce" when manufactured or produced in this country or at least when they are on sale or resale. (Sea Unanimous Resolution for the First Circuit Court for Administrative Affairs in the First Circuit (Mexico City). "Amparo" (in appeal) No. RA-721/1970(4439/1965), filed by the R.T. French Co., July 13, 1971).

Notwithstanding the foregoing, it remains to be seen whether "use" of the mark would be accepted if not necessarily applied onto goods themselves, but instead if used in connection with material such as publicity, invoices, price lists, letters,

calendars, merchandising products, and in general any oral and written reference made of the mark in vehicles, publications and newspapers, radio and television, among others.

2.5 TIME FRAME FOR THE USE OF TRADEMARKS.

Article 1708(8) of NAFTA states that "each party shall require the use of a trademark to maintain a registration. The registration may be canceled for the reasons of non-use only after an interrupted period of at least two years of non-use unless valid reasons based on existence of obstacles to such use are shown by the trademark owner. Each Party shall recognize, as valid reasons for non-use, circumstances arising independently of the will of the trademark owner that constitute an obstacle to the use of the trademark, such as import restrictions on, or other government requirements for, goods or service identified by the trademark". That threshold is substantially and even extensively fulfilled by Mexican Trademark Law.

The 1976 imposed use requirements based on the filing of affidavits of use, accompanied by pertinent evidence showing that the mark had been effectively in commerce, as well as information about sales, including total amounts of revenues for the past three years -in case of prove of use after three years following the date of grant and past five years -in the event of successive renewals-. That practice was abandoned with the implementation of the LPPIP in 1991 and was substituted for a more simple formula.

Under the 1991 Law the holder of the trademark registration -or licensee provided that the license agreement had been recorded with the Mexican Trademark Office-, had to use the mark without interruptions of three consecutive years or more. On the contrary, the registered mark not in use would be exposed to lapse actions, unless the existence of a legally justified reason, acceptable to the Trademark Office (Mexican LPPIP, Article 130).

By the same token the term of renewal was increased for indefinite periods of ten years -again anticipating what later would become Article 1708(7) of NAFTA-.

Article 130 of the LPPIP, as originally drafted, proved to have had some inconsistencies. A significant number of registrations that had not been in use for more than three years, were experiencing the risk of lapse actions; risk that would have subsisted even if the mark was used again. In accordance with the

amended provision of the LIP, now is possible eliminating potential actions in case that use is restarted. This rule has brought the possibility to cure registrations in jeopardy. Therefore, actions pretending to claim non-use going beyond the three years period allowed by the LIP, will simply not be sustainable and enforceable.

III. CHOOSING A DISTINCTIVE MARK

3.1. WHAT IS A MARK AND WHAT FUNCTIONS IS REQUIRED TO PERFORM IN ACCORDANCE TO THE LIP.

The LIP specifically protects trade marks, service marks, collective marks, commercial establishment or "trade" names (as they are called under the Mexican Trademark Law), slogans and appellation of origin. Trade, service and collective marks may be awarded with exclusive protection by means of a registration with the Trademark Office (which since 1994 has been known as "Mexican Industrial Property Institute" or "IMPI"). To qualify for registration a mark applicant must be a manufacturer, merchant, or render of services, who uses or wishes to use a mark to distinguish its goods or products from those of competitors.

The LIP defines as marks "every visible sign that distinguishes products or services from others of their same kind or class in the market". Registrable as such in accordance with the LIP may be denominations and visible signs, three dimensional forms, trade names and business names and the proper name of a person with his or her consent as well as pseudonyms, signatures and portraits, titles of intellectual or artistic works of authorship and titles of publications and TV and radio programs, the name and image or form of fictitious and real characters, also with the consent of the owner of the corresponding rights. Isolated letters, digits, and colors may not be registered unless they are in combination or accompanied by elements that give them a distinctive character. The foregoing is in conformance with NAFTA, which in this connection states that "for the purpose of this Agreement, a trademark consists of every sign, or any combination of signs, capable of distinguishing the goods and services of one person from those of another, including personal names, designs, letter, numerals, colors, figurative elements, or the shape of goods or of their

packaging. Trademarks shall include service marks and collective marks, and may include certification marks. A member country may require, as a condition for registration, that a sign be visually perceptible" (NAFTA, article 1708 (1)). As it can be appreciated, under Mexican Law marks need to be visually perceptible in order to qualify for protection.

The key function of trademarks is distinguishing products and services from others in commerce. In fact, they are compelled to perform such an identificatory function in order to be recognized as valid trade symbols. Professor Rangel Medina considers the principle of "distinctiveness" an essential condition of validity of trademarks. 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 for justifying the existence of renewal and enforcement rights arising therefrom, the mark shall be distinctive and that will be recognizable only if it is not likely to confuse 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 (David Rangel Medina, id. at p. 184).

Following the legal principles and doctrines referred to above, the Third Circuit Court in the First Circuit (Mexico City), ruled in 1981 that trademarks have the purpose to individualize and distinguish goods and they also need to be special and not confusingly similar with respect to other prior marks.

The LIP grants protection on trademarks possessing the ability to distinguish or identify products and services in commerce and this is understood only if the marks are inherently distinctive, that is, if they are suggestive, fanciful or arbitrary. On the other hand, the Trademark Law categorically prohibits registration of generic and descriptive marks and, in this latter case, it does not recognize protection even if the descriptive mark is capable of distinguishing as a result of a continuos and extensive use.

3.2 NON-PROTECTABLE MARKS (GENERICNESS AND DESCRIPTIVENESS).

[A] GENERIC MARKS.

Generic marks are incapable of exclusive protection under the Law in Mexico. These include "technical or commonly used names and products or services intended to be protected by a mark, as well as such words which, in everyday language or in commercial practice, have become the normal or generic designation thereof" [LIP, Article 90(II)] and "tridimensional forms which are a part of the public domain or which have become of common use, and those that lack sufficient originality to easily distinguish them, as well as the normal and ordinary form of products or that imposed by their nature or industrial function" [LIP, Article 90(III)]. Specific comments on three-dimensional marks will be found below.

Additionally, Article 153 of the LIP states that cancellation of the registration of a mark will be available for anyone having a so-called “legal interest” if the holder of the registration has caused or tolerated to cause the trademark to convert into a generic name of the products or services for which it was registered in such way that the mark has lost is nature as a means of distinguishing the product or service to which it is applied.

[B] DESCRIPTIVE MARKS.

Under Mexican Trademark Law it is not possible to obtain registration for the “names, figures or tree-dimensional forms which considering the aggregate or their characteristics, are descriptive of the products or services they purport to protect as a trademark. Included in the above hypothesis are descriptive or indicative words which in trade are used to designate the species, quality, quantity, composition, end use, value, place of origin of the product or time when it was produced” [LIP, Article 90 (IV)].

Dr. Rangel Medina understands for “descriptive” all those marks “describing certain subject” and the action “to describe”, as the imperfect definition of something, giving a general idea of their parts or properties (David Rangel Medina, id. at. p. 184).

For many years the Supreme Court of Mexico, the Circuit Courts and even the Trademark Office, have developed jurisprudence on the topic of “descriptiveness”, construed over the following basic rules:

a) Registration cannot be refused simply if any part of a mark –including a

design, work, tree-dimensional feature, etc.- is descriptive. Analysis has to be made of the mark in its entirety, without to disconsider or ignore any of the elements of which it is comprised.

b) Descriptiveness can be concluded when the mark under study relates to an undeniable and categoric characteristic of the product or service to which it is applied. In case of no necessary or individual connection between the mark and the product it will not be considered descriptive but rather suggestive. As in most other jurisdictions the demarking or division line between descriptive and suggestive is something difficult to draw, however, in a recent decision it was held that prohibition of descriptive marks is not absolute as long as they bring a remote idea of the product or suggest its nature or utilitarian aspects.

c) Radicals, suffixes and prefixes with a specific meaning are not subject to protection if widely used in the market by different competitors or if they give a direct understanding or idea of the product or service to which the mark will be applied. Combination of radicals and descriptive words or of two or more descriptive terms will not be considered distinctive if in its entirely the mark continues to be descriptive. In this regard it was declared that trademark NARANJINA for soft drinks described the idea of “Naranja” (in English Orange) considering that “Naranja” represented the predominant and most relevant portion of the mark and that suffix “ina” was not sufficiently distinctive.

d) It will be registrable a mark that is composed of a radical, prefix, suffix, generic word or design or in general a non-protective element, in connection with a distinctive element which predominates or has a major importance over the descriptive or generic portion of the mark.

e) Some trademarks, mostly of pharmaceutical products, share the characteristic that they combine distinctive elements with other elements of a generic or descriptive nature. Such generic or distinctive element usually consists of a prefix or a suffix that is used to give a slight or indirect idea of the main characteristics (e.g. active ingredient) in the product identified under the particular trademark. Mexican Law has granted protection for these marks without the need for the generic or descriptive element to be disclaimed and has allowed the co-existence of registrations for trademarks that include the same prefixes or suffixes, as long as the overall impression remains distinctive. In such cases the Courts have ruled that the distinctive portion of the mark must be product- without the need for the generic or descriptive element to be disclaimed and has allowed the co-existence of registrations for trademarks that include the same prefixes or suffixes, as long as the overall impression remains

distinctive. In such cases the Courts have ruled that the distinctive portion of the mark must be sufficiently different from others as it is normally the general public who buys the product-without being generally careful when selecting between two to chose-, whereas in case of chemical products this rule may vary considering that the consumer is more sophisticated, specialized and better trained in the field.

f) Descriptiveness will not be reduced or eliminated if the mark is written in a capricious orthography. For example, word mark QUESO (in English Cheese) for cheese and milk derivative products was not considered to be sufficiently arbitrary if written as KESSO.

g) The following are examples of how Courts have dealt and resolves in regard to descriptiveness: INSTANT PROTEINE for food and derivative products, FAMOSA (in English Famous) for aluminum containers, BLINDADA (in English Armored) for tires, vehicles cameras and gaskets, EXTRA for detergents, and COMPLETARROZ (with no particular meaning in English but "Completa" equivalent" to "Complete" and "Arroz" to Rice) for foods products, were declared not to be descriptive of the qualities of the products but rather suggestive. METROBUS for transportation services and ELECTROPURA (in English something approximate to Electropure) for purified water, were reputed as valid combinations of two generic words together representing new term that qualified for registration. On the other hand, TACO BAR for restaurant and bar services, MAIZARINA (a combination in one word of the terms "Maiz –in English Corn and "Harina"- in English Flour-) for corn flour and EXTRA SUAVES (in English Extra Light) for tobacco products, SABROSITOS (in English Tasty) for candy products, and MUY INTERESANTE (in English Very Interesting) for publications, were found to be descriptive of the qualities of such kind of products or unprotectable adjectives. Finally, descriptive marks in foreign languages have been declared as not registrable by the Courts, for example, REAL SILK for silk textiles and REPLACE-A-POINT for pens.

[C] DECEPTIVE, MISDESCRIPTIVE AND DECEPTIVELY MISDESCRIPTIVE MARKS.

[C.1] Deceptive Marks.

Trademarks which misrepresent or convey a false impression of the nature of a product or service will not be protectable under Mexican Law. Specifically, the LIP states that "[d]denominations, figures or tridimensional forms that could

deceive the public or lead to error" are not registrable being those “that constitute false indications about the nature, components or qualities of the product or services they purport to protect” [LIP, Article 90 (XIV)].
For Dr. Rangel Medina the prohibition not to protect deceptive marks is found on principles of commercial ethics and is oriented to protect the rights of the general public. Deceptive marks are not legally acceptable trade symbols considering that they generally deceive the consumer public, instead of performing as source indicators and as tools assisting consumer in the selection of the products or services available in the market. He additionally considers not to be admissible that marks misrepresent the quality, nature, constitution or origin of the goods and services, situation influencing consumers to take erroneous decisions when exercising an opinion to chose for a certain good or service. (David Rangel Medina, id. at p. 426).
[*C.2] Misdescriptive and Deceptively Misdescriptive Marks.*
In Mexico, as virtually any other jurisdiction, is possible to find marks that do not only describe features or attributes of the product or service that they are intended to distinguish but that they additionally may deceive the consumer public respecting to the nature, characteristics, quality or quantity of that product or service. In order to describe or deceive, these kind of marks misrepresent the attributes or features of the product. In other words, they produce a false or inaccurate impression of the product or service, which is detrimental to the consumer public, as it is induced or influenced to mistakenly deciding in the purchase of such good or service.
In other countries these marks are known as “Misdescriptive” –when they significantly produce an influence in the consumer in determining whether to buy a product or not- and “Deceptively Misdescriptive”- when they do not really induce the consumer public in taking erroneous decisions-. “Misdescriptive” marks do not qualify for protection in general terms, whereas “Deceptively Misdescriptive” marks may be protected as long as a minimum level of distinctiveness is shown.
The Trademark Law of Mexico does not recognize the above classification. However, the Trademark Office has traditionally objected registration of “Misdescriptive” and “Deceptively Misdescriptive” marks, on the grounds that they both, descriptive and deceptive. Thus, if the arguments of applicant are persuasive enough to convince the examiner not to refuse registration on the grounds of descriptiveness, the objection based on deceptiveness would still need to be addressed and overcome, which is sometimes difficult.

In a decision that goes back to the sixties, the Supreme Court of Mexico confirmed the resolution of the Trademark Office refusing registration of the mark THE SCIENCE DIGEST for publications. The rationale was supported on the fact that the mark was descriptive for those products, but that, additionally, the publication product did not possess the attributes described by the mark. These were considered sufficient elements for refusing the mark as a false indication of the products (Semanario Judicial de la Federación T.XCV, page 290. Toca 1977/47. Ejecutoria de 14-1-948).
It is difficult to know whether the Mexican Trademark Office would adopt the application of that thin division between "Misdescriptive" marks, which are not subject to protection, and "Deceptively Misdescriptive" marks, which are potentially registrable. In any event, an excellent idea would be that the foregoing classifications were implemented into the LIP as an additional tool for assisting IMPI and the judicial system in providing more consistent and legally acceptable resolutions in regard to descriptive and deceptive marks.

3.3. TRADEMARKS THAT MAY BE PROTECTED WHEN MEETING WITH CERTAIN PARTICULAR CONDITIONS.

[A] GEOGRAPHIC MARKS.

Names of geographic sites and places, including countries, regions, cities, towns and other population centers and administrative districts, famous business, industrial, commercial and amusement places and buildings are registrable in accordance with Mexican Law if they are not indicative of the source of origin of the products and services generating confusion or error in respect to such an origin. They are also registrable if the country, city, population center or place is not noted for the manufacture of products identified by the mark. This also applies for marks consisting of gentle names, maps and even the names of rivers, lakes, seas, mountains and other natural landscapes which are not normally regarded as places where the kind of products to which the mark is affixed are produced, made, extracted or grown. Names of privately owned places are also registrable when they are special and leave no room for confusion, provided that the owner consents thereto.
On the contrary, geographic names will not be registrable if they are likely to

produce confusion as to the origin of the product or service or if they indicate such an origin -or “describe” it as it is said in other countries-.
Following the above-cited rules the Courts have found HAMILTON as a protectable mark for watches, COLUMBIA for glasses, FRANCO AMERICAN for food products, PANAMÁ for carbon paper; TAPATIA (female from the city of Guadalajara in the State of Jalisco, Mexico) for threads and stamen, TULSA for tools, and MANHATTAN for clothing products.

[B] SURNAMES

A person’s name is composed in Mexico by the given and family names, including both, father and mother family names. This is reflected in the legal treatment of surnames and makes a difference from protection given in other countries. Names of persons, including surnames as such, have been traditionally protected in accordance to Mexican Trademark Law. Article 89 (IV) of the LPPIP considered individual names to be registrable provided there were no homonyms already registered as a mark.
This restrictive legal view was up graded in the amendments of 1994. Now surnames will be protected as long as they are not likely to confuse with an existing registered mark. Additionally, the Law states that names, pseudonyms, signatures and portraits of persons, shall not be registrable as marks if no authorization is given by the interested person or, in his or her absence or incapacity, by the husband, wife and other member of the family (these are expressly mentioned in the same provision). Finally, a registered mark will not produce effects if it relates to the name of a person which is then applied as a mark on products or services, as long as this latter person applies the name in the form that is regularly used by that person and which is clearly distinguished from the homonym that is registered with the Trademark Office.

3.4. NON-TRADITIONAL MARKS.

[A] TITLES AND CHARACTERS.

The LIP establishes that titles of intellectual or artistic works, titles of periodical publications, characters, artists names and names of artistic groups are not deemed to be registrable without the express consent of the corresponding title holder, and if inadvertently registered by the Trademark Office, the LIP grants a cancellation action against such a registration.

Additionally, Mexican Copyright Law recognizes sui generis protection for titles of publications and radio and TV programs, as well as fictitious and real characters that are remarkable original and periodically used, among other figures, through legal protection known as “Reserva of exclusive rights”. In accordance to Copyright Law, protection to “Reservas” differs from that afforded to works of authorship and relates closer to principles of trademark law. Accordingly, “Reservas” confer patrimonial rights of exclusive use to characters, titles, etc., but do not recognize additional personal or “moral” rights. From a procedural standpoint, deposit and periodical renewal are required for maintaining “Reservas” in force, as well as prove showing that the title or character has been used in connection with publications or broadcasts, among others.

Additionally, examination of “Reserva” applications is closer to that of Trademark Law, however, as the corresponding prosecution proceeding is not as well regulated and complete as that of trademarks, the Copyright Office has sometimes followed a sui generis practice, which not always should be considered as very appropriate.

Trademark, "Reserva" and even Copyright Law may intervene in protecting a particular title or character. In the practice this situation has been known as "double protection" or "triple protection". In such cases Mexican practitioners normally recommend obtaining as much protection as possible, considering the legal problems and disputes that may arise when the same character or title is in dispute among different parties. Trademark, "Reserva" and Copyrights have been confronted when someone owns a trademark registration and somebody else a "Reserva" or even a copyright registration. There are no provisions and resolutions addressing the issue. In general terms, it could be concluded that the cancellation provision of the LIP should be the guideline to follow, however, it would have only a limited effect as it is incapable to solve all potential problems that in fact could develop. Just to provide an example, how would this rule be applied if a non-authorized third party seeks and obtains a "Reserva" for

a title or character owned by somebody else? Should this "Reserva" be canceled despite the absence of a senior trademark registration? These unchartered areas in the application of the "double protection" doctrine definitively affect protection of titles and characters and should be improved.

[B] THREE-DIMENSIONAL MARK.

Product and containers shapes, among other forms of three-dimensional designs are protectable under the LIP; however, the following four basic limitations have been imposed:
a) That the Three-dimensional marks are not part of the public domain.
b) That the Three-dimensional marks have not become of common use.
c) That the Three-dimensional marks lack sufficient originality to be easily distinguished.
d) That the Three-dimensional marks represent the shape of the product or that imposed by their nature or industrial function.
Specific comments on the foregoing point follows:

[B.1] PUBLIC DOMAIN.

There is not a clear and uniform criterion of what the Trademark Law should understand for "public domain". However, it appears that the meaning implies a patent connotation. In accordance to Mexican Patent Law, protection is available for designs that are novel and that are applied to industrial products, devices, containers or any other kind of forms. Novelty is restricted to the industrial forms not found in the state of the art anywhere in the world.
An industrial design may fall into the public domain if no proper and timely registration is sought therefor before it is used in commerce, in accordance to Patent Laws and Regulations. Also, it can fall into the public domain after the term of protection of the industrial design, which in Mexico is of fifteen years.
In line with the above, one should be very careful to know whether the three-dimensional device has been already exploited and whether patent protection has already been sought therefor. In the affirmative, it should be taken into account whether the corresponding industrial design registration has expired.
The filing of a three-dimensional trademark application does not necessarily require that an industrial design application is simultaneously or previously filed.

Protection afforded by trademark and industrial design law is alternative, therefore, it is important that the three-dimensional mark “has not fallen into the public domain”.

[B.2] COMMON USE.

The Mexican Trademark Law considers novelty standards to be applicable in case of three-dimensional trademark. It thus will be required that the mark meets a certain level of uniqueness, and not to be reputed or recognized by the public as of common use.

[B.3] DISTINCTIVENESS.

As explained above, this represents a basic principle of Mexican Trademark Law. Accordingly, the following will have to be considered:
-That the three-dimensional mark shall not be confusingly similar as regards to preexisting ones.
-It also shall not be generic, descriptive or even deceptive with regard to the products or services to which it will be applied.

[B.4] ORDINARY INDUSTRIAL FUNCTION

The present requirement is related to the previous three. However, in this case the Law is intended to avoid that ordinary forms or functionality features of products, devices, containers, packages and other three-dimensional forms, are exclusively appropriated by single entities, which would be detrimental to third parties. Thus, the shape of the three-dimensional product, container, etc., will have to be distinct and unrelated to its ordinary form or function if trademark protection is intended to be made available thereto. Nonfunctional devices or features of products or packages, boxes or containers will represent the most adequate forms of protection in accordance to trademark law.

[B.5] ADDITIONAL COMMENTS/REGULATIONS OF 1994.

In accordance to Regulations of 1994, wrappers, packages, containers and the

form of presentation of products have been expressly considered three-dimensional forms for the purpose of LIP. This regulatory provision has come to give a more precise understanding of that term, making clear that product shapes may function as three-dimensional marks. In any event, needless is to say that they have to comply with the LIP requirements that have been explained above.

It is worth mentioning, again, that LIP does not confer protection to descriptive marks regardless how widely have been used and how much consumer recognition they possess. This has a particular importance in case of "three-dimensional marks", considering that products and container shapes may not be inherently distinctive. Frequently, it is not only the non-functional feature of the shape, wrapper, package, bottle or container, that applicants wish to protect, but additionally some features that may be not registrable or that may at least not be considered inherently distinctive. Some other times, the dividing line between functional and non-functional, useful and useless, art and industry, is just impossible to be drawn (See: Luis C. Schmidt, La Protección de Obras Plásticas y de Arte Aplicado en México y en los Países Latinoamericanos, Revista Mexicana del Derecho de Autor, Año V - Número 14, Diciembre - Marzo 1994, pp 11-12).

The lack of a secondary meaning doctrine makes more difficult for many three-dimensional marks to become registered under Mexican Law. Patent and Copyright Laws may not offer much additional assistance as well. However, the Trademark Office has generally taken a flexible approach in conducting registrability exams and a positive view in protecting these forms of marks.

IV. OTHER NEW DEVELOPMENTS.

4.1 RATIONALE OF THE AMENDMENTS OF 1994.

As it was explained above, the Mexican Congress approved and passed substantial amendments to the LPPIP -now LIP-, with the following main purposes:

a) Updating the LPPIP and adapting it to the requirements of modern times. Application of LPPIP since 1991 had revealed the need for some change.

b) Harmonizing the LPPIP in compliance with the principles and provisions of

NAFTA.
c) Generally speaking, to offer more and better protection to Industrial Property.

4.2. MODIFICATIONS IN THE FIELD OF TRADEMARKS.

[A] WELL KNOWN TRADEMARKS.

The new provision on well known trademarks represents one of the most relevant amendments in the LIP. It is supported on Article 1708 (6), which at the same time is grounded on Article 6 bis of the Paris Convention for the Protection of Industrial Property.
However, NAFTA additionally extends protection to service marks and defines "well known" as the knowledge of the mark resulting from the promotion that is given to such a mark in the Party's territory (ie: advertising or public display).
Also, article 1708(6) states that none of the signatory Parties shall require a prove that the reputation of the mark is extended beyond the sector of the public that normally deals with the relevant goods or services as opposed to the "public generally" (unless that knowledge of the mark is not limited to a sector of the public or a segment in the market, but it covers the public in general). (See Richard Neff et al, id. at p. 52).
Lastly, Article 1708(6), continues to establish that discretion for determining whether a particular mark is "well-known" shall vest with the "competent authority" of each member country.
The above rules are reflected in new Article 91(XV) of the LIP, which protects well known marks against any third party distinct from the legitimate owner that obtains registration thereof. These registrations will be subject to cancellation under Article 151(1). Article 91(XV) of the LIP establishes that well-known marks will be protected when a particular sector in the public or commercial circuits in Mexico is acquainted with the mark as a consequence of the 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 one has of the mark in the territory (Mexico) as a result of the promotion or publicity given to the mark.
As it can be appreciated, that provision complies and even extends the

maximum standard requirement in both, Article 6 bis of the Paris Convention and Article 1708(6) of NAFTA. Thus, well known marks pertaining to particular sectors are protected regardless whether the commercial activity is conducted in Mexico or abroad, as long as the particular sector in the Mexican Industry or trade becomes acquainted with said mark. In addition prove of notoriety will not only result from the use of the mark in commerce but also from the publicity reaching the territory of Mexico.

[B] PARALLEL IMPORTS.

Mexican Law appeared to allow parallel imports in a fairly blank form. In fact, a provision was introduced in the 1991 Law in terms so broad that was supposed to allow third parties' importations of products into the Mexican territory as long as they had been legitimately introduced in commerce by the owner of registration or an authorized licensee. However, the term "legitimate" was not necessarily restricted to products qualifying for exclusive protection in accordance with Mexican Law but with the Laws of other countries as well. This necessarily would had allowed foreign fake products –but of legitimate origin in accordance with their respective local legislations- to freely enter the Mexican territory and compete with originals produced or sold in this market.
The Regulations of 1994 made clear that introduction of the product in the market of the country from which it is imported will be "legitimate" if made by the owner of the registered mark in the country of export or its authorized licensee, and that the owners of the registration in Mexico and the foreign country are the same person or corporation, or are members of the same "group of economic interest" or their licensees or sublicenses, by the time the products are imported into the Mexican territory. In addition, it would had to comply with product standards and regulations and consumer law provisions.
A complex formula for "group of economic interest" was also provided based on the level of interrelationship between two corporations or entities and the direct or indirect control that one has over the other or others.
Notwithstanding the foregoing, the Regulations did not provide control measures for the case that parallel products of lesser or different quality enter the Mexican market without complying with requirements, standards and other specifications required by the laws or the owner of the registration. Apparently, the original draft prepared by IMPI on this provision and further submitted to

the President's Office for review approval and publication, was in favor of a system of control measures. However, it appears that it was not finally approved and now the question arises whether IMPI and the Courts would prohibit parallel imports of products not complying with quality standards or of different quality devoted to other foreign markets.
Also, nothing appears to be provided in the regulations in connection with repackaging and relabeling of gray marketed products. However, it can be expected that, if repackaging or relabeling of products is used as a means of misleading the consumer for example as to quality or origin of the products, such acts will constitute a bar to the right of the importer to bring the gray marketed product into Mexico.

[C] TRADEMARK PROSECUTION.

The registration procedure in Mexican Law meets the minimum standards provided by NAFTA in Article 11708(4). Examination of applications; notice to be given to an applicant of the reasons for the refusal to register a mark; a reasonable opportunity for applicant to respond to the notice; publication of each trademark "promptly" after it is registered, and a reasonable opportunity for interested persons to petition to cancel the registration of a mark are considered in the Law. Opposition proceedings, which are not mandatory under NAFTA, are not contemplated by the Law although many experts in this country have considered them as an advisable idea.
Article 93 of the LIP has brought important modifications in regard to interpretation and application of the international classification of goods and services. In conformance with the former practice, applicants were entitled to quote entire class headings from the international classification, giving them the right to cover, extensively, every single products and services pertaining to the class of interest. This practice was used in a wide form and was applied regardless of the differences or similarities among products or services pertaining to any particular class.
In accordance to the new provision of LIP, applicants will be required to particularly cite the “species” of products or services that they wish to protect. The amendment is focused to reducing the scope of applications, as much as possible, so to avoid that they cover products or services that are not in use or are not going to be used in the future.

The Regulations have confirmed the foregoing by stating that the names of products and services indicated in the application shall have to be specifically referenced as the appear in an “alphabetic list” and related rules of application as they will be published in the Patent and Trademark Gazette. IMPI is expected to publish the list of products and services soon, which will bring major definition of what will be understood for the “species” of products and services that applicants will be authorized to cite in their applications. Also, IMPI will be allowed to follow its own practice and interpretation on how the classification should be applied if particular products or services can not be found in the “alphabetic list”.

Notwithstanding all that interesting modifications and additions, there is still much to say in regard to the issue under present discussion. Presently, the question has arisen as to the extent and scope of the afore-mentioned provision, in as much as applicants will be allowed to cite, in their applications, as many “species” of products or services that may be desired, provided that they pertain to the same international class.

IMPI will need to review, very deeply, some of the practices that it has traditionally followed. Accordingly, examiners will have to start conducting real searches, as thorough and comprehensive as the circumstances surrounding the particular case may impose it, before any mark is passed for registration. For that end, searches will have not to be limited to the particular class for which the mark has been applied as examiners normally do. The foregoing may represent just an example of the effects that the amendments to the LIP will bring. The purpose of that measures is positive, however, it depends on practitioners and much more on IMPI whether it will be finally beneficial or not.

[D] CANCELLATION PROCEEDINGS.

A cancellation action is available "when the trademark is identical or confusingly similar to another that has been used in the country or abroad prior to the date of filing of the application for the registered mark and is applied to the same or similar products or services, provided that the person who asserts the greater right for prior use proves having used a mark uninterruptedly in the country or abroad prior to the filing date or, in such case to the date of first declared use by which he registered it".

Formerly, second and third paragraphs of article 151 of the LPPIP referred to

nullity action in case that a mark was filed for registration after the date of first use in Mexico -second paragraph- or abroad -third paragraph- of an identical or confusingly similar mark. In case of use of trademarks abroad, the Law required the additional existente of a foreign registration as well as a reciprocal provision benefiting Mexican trademark owners in the country of origin. The "reciprocity" requirement had represented a burden impossible to meet as there was no other foreign legislation (probably excepting the French) conferring a similar right to Mexicans. (See Antonio Belaunzarán and Luis C. Schmidt, Nullity and Lapse Actions under Mexican Law, Trademark Yearbook, Managing Intellectual Propeny, London, U.K. pp. 96 - 97).
Accordingly, that burden was abolished with the amendments of 1994, and since then foreign trademarks, whether well known or not, which have been in use uninterruptedly, and such use having commenced prior to the filing date of a Mexican registration or date of use declared in the corresponding application, will be awarded with cancellation actions. This is definitively a very broad provision probably not found in any other statute or law in the rest of the world.

4.3 VERY BRIEF COMMENTS ON THE MODIFICATIONS IN THE FIELD OF PROCEDURES AND ENFORCEMENT.

[A] INTRODUCTION.

It has been said that there is no real intellectual property system if the corresponding enforcement mechanisms are weak or if they are unexistent at all. Mexican Industrial Property and Copyright Laws have been long criticized for lacking adequate enforcement measures. Thus, as the main concern of the legislator was to simplify and give strength to industrial property rights' procedures, harmonizing them with the international compromises undertaken by the Government of Mexico, it is then understandable why the amendments emphatically focused in the review and analysis of former enforcement structures and why replacement for a more effective system was intended.

[B] ADMINISTRATIVE AND CIVIL PROCEDURES.

New proceedings such as “discovery”, unexistent under Mexican Laws, have

been introduced in the LIP in all those cases when evidence is kept in control of the opposing party and is relevant in support of a particular claim. The LIP has set new rules in this respect and sanctions for the case that the opposing party refuses to provide the requested evidence or blocks access thereto. The foregoing provisions deal specifically with Articles 1715(2)(a) and (b) of NAFTA. However, it has to be noted that the LIP conferred upon IMPI and not the Courts –as it traditionally should have been made –the powers to undertake the foregoing action and for issuing orders to opposing parties to produce the evidence. This is different from the practice in Canada and the U.S. and has been questioned by many commentators and experts in Mexican Procedural Law. It remains to be seen whether the Courts will be giving support to that portion of the amendments.

[C] IMPI'S ENFORCEMENT POWERS.

In line with Article 1715(2)(c) of the NAFTA Agreement, IMPI (and again not the Courts) will be empowered to issue orders for deterring infringement, enjoining and restraining infringing parties not to continue with the activity and removing from circulation of commerce any infringing products as well as the means for producing and advertising them. The IMPI will also have the authority to have infringing products and instruments disposed out of commerce or destroyed in compliance with article 1705(5) of NAFTA. Prior to the amendments an injunction relieve provision was something not recognized in Mexican Law.

[D] PRELIMINARY MEASURES.

Following NAFTA's main goal of achieving more expedite justice by offering "prompt and effective" provisional measures [NAFTA, Article 1716(1)], the LIP has conferred on IMPI an authority to issue preliminary measures orders for preventing infringement as long as the same threshold stated in Article 1716(2) of NAFTA is complied with. Thus, the moving party shall be required to prove to be the owner of the industrial property right and that such right is being infringed or that infringement is imminent, or that delay in such measures will likely causes irreparable harm to the owner or the right, or that the possibility that the evidence will be destroyed may arise against infringer or third parties,

because of the application of these measures.

[E] SANCTIONS

The great majority of acts that are considered as crimes by the LPPIP will be reduced to administrative remedies, but this type of sanctions will be strengthen. The only criminal provisions that will remain will deal with trademark counterfeiting and violation of trade secrets, including its unauthorized disclosure, use and appropriation.

As to administrative sanctions, fines have been doubled from 10,000 up to 20,000 times the general minimum wage in the Federal District, but criminal sanctions have remained from two to six years in prison and fines for the amount of one hundred up to ten thousand days of the daily general minimum wage in the Federal District.

Pursuant civil actions, the LIP has introduced a provision stating the possibility to pursue recovery of damages of civil nature before the corresponding judicial authority, and the amount shall not be less than 40% of the retailing price of each product or service that infringes the LIP.