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IN MEXICO TRADEMARK RIGHTS ARE ENFORCED MAINLY THROUGH THE TRADEMARK OFFICE. THE ENFORCEMENT OF FAMOUS AND NOTORIOUS MARKS IS GOVERNED BY SPECIFIC RULES

On June 16 2005 the Mexican Law of Industrial Property (LIP) was amended to improve the protection afforded to notorious and famous trademarks. The reform introduced a distinction between 'famous marks' and 'notorious marks' to reflect the fact that the public has a greater knowledge of some well-known marks than others. Under the LIP, trademarks that are well known throughout Mexico are considered 'famous marks' and enjoy a greater degree of protection than 'notorious marks', which are well known to a limited group of people.

NOTORIOUS MARKS

One of the most important aspects of the reform was the inclusion of the following concepts:

- dilution of a notorious trademark (Article 90(XV) of the LIP);
- tarnishment of a notorious trademark; and
- protection against taking unauthorized advantage of the notoriety of a trademark.

The current text of Article 90(XV) sets out the grounds for the Trademark Office (TO) to refuse to register a denomination, design or three-dimensional form with regard to any product or service, when the sign is identical or similar to a trademark that the TO estimates to be, or has declared, a notorious trademark in Mexico.

Registration of the junior sign will be rejected if there is a risk that it may:

- create confusion or a risk of association with the owner of a notorious mark;
- constitute an attempt to profit, without authorization, from the notoriety of a

trademark (by free-riding on its reputation);

- tarnish a notorious trademark; or
- dilute the distinctive character of a notorious trademark.

Specifically with regard to notorious trademarks, Article 213(VII) provides that an administrative infringement exists when a third party uses without authorization a trademark that is regarded as notorious under the terms of Article 90(XV) of the LIP. Consequently, for the owner of a notorious mark in Mexico to enforce its rights against a third party that uses, without authorization, a mark that is identical or confusingly similar to the earlier sign, the TO must find that at least one of the above four mentioned situations exists (ie, confusion/association, unauthorized use, tarnishment or dilution).

EVIDENCE

When filing a claim for infringement of a notorious trademark, the plaintiff should submit suitable evidence that at least one of the above four situations exists. This is particularly important where a junior mark that is identical or similar to the notorious trademark is being used by an unauthorized third party with regard to products or services different from those on which the notorious trademark is used. The most suitable evidence is a survey which should be conducted by a specialized agency.

RISK OF ASSOCIATION

The Mexican courts have developed two approaches regarding the risk of association. The first states that the risk of association is broader in application than that relating to the risk of confusion; the second approach suggests that the risk of association is contained within the risk of confusion.

Effectively, there is a risk of association when the public could think that some type of relationship exists between the holder of the notorious trademark and the alleged infringer, such as a licence, franchise or sponsorship. This includes a risk that when looking at the similarity between the signs, the public could establish a connection or association based on the fact that the perception of the applied-for sign evokes a memory of the notorious mark in the mind of the

consumer.

UNAUTHORIZED PROFIT

With regard to the 'unauthorized profit' criterion, protection is afforded against free riding on the reputation of a mark. This is understood as the unlawful practice of obtaining an unauthorized benefit from using a mark similar to a notorious trademark.

TARNISHMENT

'Tarnishment' is considered to have occurred when the use of a junior trademark discredits the good reputation of a notorious trademark.

DILUTION

Dilution is a concept borrowed from common law systems. It allows the owner of a famous mark to prohibit the use of that mark by a third party in a way that would lessen its uniqueness. In most cases, trademark dilution involves an unauthorized use on products that do not compete and have little or no connection with those of the trademark owner. For example, a notorious trademark used by one company on beauty products may be diluted if another company starts using a similar mark for alcoholic beverages.

FAMOUS TRADEMARKS

The 2005 reform provides very broad protection to famous marks. Such marks are protected against use of a similar or identical mark in relation to any goods or services, without the need for the TO to find that there exists:

- confusion or a risk of association;
- unauthorized profit;
- tarnishment; or
- dilution.

However, to submit a strong case of infringement of a famous trademark, suitable evidence proving that the mark is known by the majority of the public is necessary.

Even though famous trademarks theoretically enjoy a broader scope of protection than any other types of mark, Article 90(XV)bis of the LIP, which governs famous marks, was not included in the scope of Article 213(VII) of the LIP on administrative infringements. Accordingly, an amendment of this latter provision is necessary to provide legal certainty to owners of famous marks when enforcing rights in Mexico.

INFRINGEMENT PROCEEDINGS

Trademark enforcement in Mexico is a peculiar beast. It is not the courts but rather the TO that is in charge of enforcing trademark rights and deciding trademark disputes (except in case of criminal offences, see below).

The plaintiff must file a formal written claim together with evidence which, for a case involving a notorious or famous trademark, must enable the TO to assess whether the allegedly infringed mark has obtained such status. The plaintiff can request an inspection of the infringer's premises and the seizure of the infringing goods.

The TO accepts the claim and sets a date for the inspection and seizure. At the time of the inspection the TO serves the defendant notice of the claim, giving it 10 working days to answer.

The TO normally requires the plaintiff to post a bond in case the latter applies for preliminary injunctions or if the TO considers that the outcome of the seizure warrants such bond.

Before initiating an infringement action, the plaintiff may move for preliminary injunction to request either:

- the seizure of products which it considers infringe its notorious or famous trademark; or
- most importantly, a temporary injunction issued by the TO, under which the defendant is barred from manufacturing and selling any allegedly infringing product while the decision on the merits is pending.

The defendant has 10 working days to file its defence against the preliminary measures. The plaintiff then has 20 business days to file its formal infringement complaint from the date of notification of the injunction. The bond in such cases should cover the value not only of the seized products, but also of the cost of suspending operations.

The defendant can post a counter-bond to release the seized goods. Both the plaintiff and the defendant must produce evidence at the time of filing the claim or answering it. After the defendant has answered the claim and the TO has assessed the evidence and conducted the confusion test, the latter shall issue a resolution on the merits of the case.

The TO's ruling can be appealed to the Federal Court for Tax and Administrative Affairs (FCTA) or before a district court. An FCTA decision can be appealed to the Federal Circuit Court, the decision of which is final.

The punishment for trademark infringement, considered a violation of the law, ranges from fines of up to around \$70,000 to the temporary or definitive closure of the infringing business, and even an administrative arrest of 36 hours.

The TO usually imposes fines only. However, if the defendant continues committing the infringement after a decision on the merits has been issued, the fines will be doubled. Penal action will be taken against the defendant if its illicit conduct continues after the decision on the merits has become final.

Source: World Trademark Review, Country correspondent: Mexico, Jun/Jul 2009.