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Big changes in Mexican trademark law

Antonio Belaunzarán and Alonso Camargo from OLIVARES explore the recent changes to Mexican trademark law in light of the Mexican governments re-negotiations on free trade agreements.

Résumés

Antonio Belaunzarán

Antonio is a true trademark expert and one of Mexico's most sought after trademark attorneys. He joined OLIVARES in 1988 and became partner in 1994. His practice focuses on all types of legal cases related to distinctive signs, such as trademarks, slogans, trade dress, trade names and appellations of origin, including searches, filing, prosecution, license and assignment agreements; litigation before both the Mexican Institute of Industrial Property and the Federal Courts in cases related to invalidity, cancellation and infringement; anti-counterfeiting actions; unfair competition, comparative and ambush advertisement issues. He designs legal strategies for contentious matters and counsels clients on all type of Distinctive Signs issues.

As a Senior Partner and highly regarded Senior Trademark attorney in Mexico, Mr. Belaunzarán brings a sophisticated level of legal experience to all of his cases and serves as a powerful mentor for Olivares' more junior level attorneys looking to gain insight on the complexities of representing the leading brand names that are our clients. Mr. Belaunzarán has tactfully secured famous trademark status for clients and worked on accounts for some of the biggest brands in the world.

Alonso Camargo

Alonso joined the firm in 1995 and became a partner in 2008. He is a highly experienced trademark attorney who represents many of our key clients' well-known brands. His practice is the work engine of the trademark practice at OLIVARES. Alonso has more recently been involved in some high level work in relation to getting 3D marks granted on first review within the Instituto Mexicano de la Propiedad Industrial (Mexican PTO). Having had the first marks granted at the first review is precedent setting and helps clients avoid lengthy litigation in the future.

He has also worked within Mexico's national association of IP practitioners (AMPPI) on a task force to help rewrite the procedure manual for the examiners at the Mexican Trademark Office, and, ultimately, best protect OLIVARES' clients' trademarks. He is currently a member of the Board of such association, acting as the pro-treasurer. Alonso obtained his JD form Universidad Iberoamericana in Mexico City, and also studied in Alicante, Spain, receiving his Masters in Intellectual Property. He possesses extensive knowledge of the European TM system and is able to compare the European and Mexican systems and explain to clients legal issues in terms they can easily understand.

As a result of the Mexican Government's re-negotiations on free trade agreements, and combined with demands from the national business community, important amendments to the Mexican Industrial Property Law (IPL) have been launched. One package of amendments related to Appellations of Origin (AO's), Geographical Indications (GI's) have been enacted, and the other has been approved by Congress and is yet to be enacted.

AOs and GIs

The amendments were published on **March 13, 2018**, becoming effective as from **April 27, 2018**.

The amendments include very important changes with respect to **AOs** and, for the first time in Mexico, specific protection for **GIs** is included.

For many years, Mexico has granted protection to AO's as Mexico is a contracting party of the Lisbon Agreement since February 1964. Up to date, Mexico has 15 Appellations of Origin, being the most known and relevant "TEQUILA" and MEZCAL".

In turn, GIs were not recognized as such by any Mexican legal body. Mexico is rich in designations which protection was not provided by the AO's framework and thus, legal protection for GIs was a long-time demand in Mexico.

Essentially, the AO's and GIs are defined in the IPL following the WIPO's Lisbon Agreement definitions, as in both cases, the rationale is to protect signs identifying the geographical origin of goods whose characteristic and/or reputation are essentially attributable to such origin. The main difference between GIs and AO's is that for AO's the quality and reputation factors must derive exclusively or essentially from the **geographical environment, including natural and human factors**.

The highlights of the amendments are the following:

- Protection for either AO's or GIs starts as soon as the Mexican Institute of Industrial Property (IMPI) issues a so-called "**Declaratory of Protection**".
- A Declaratory of Protection of AO's or GIs is to be issued *ex officio*, or by petition of individuals or legal

entities directly involved in the production or manufacturing of the designated product. In addition, the industrial chambers or associations, and the local government authorities at the geographical zones involved, shall qualify for requesting the Declaratory of Protection.

- Various **grounds of refusal** for a Declaratory of Protection are provided, these examples being the most relevant:
 - a) technical, generic or common use names;
 - b) descriptiveness;
 - c) names either identical or confusingly similar to those already protected or pending;
 - d) prior rights as derived from a trademark application or registration covering identical or similar products or services. Thus, very relevant is that prior trademark rights shall be respected. However, an important omission is that nothing is mentioned with regard to prior rights as derived from trademark notoriety or fame.
- All applications for protection must be published in the Mexican Official Diary for any party proving legal interest files an **opposition**.
- As the Mexican Government owns the Declaratory of Protection, a DO or a GI can be used only by the corresponding authorization issued by IMPI.
- **Who will be entitled to apply for the use of AOs or GIs?** Only those directly involved in the extraction, production, or manufacturing of the protected product(s) and that such activity is performed at the protected territory or geographical zone. The applicant shall comply with the applicable official standards, if any.
- There is no term established for IMPI to issue the authorization of use, but once granted the authorization it will expire in 10 years, **renewable** for identical terms.
- The authorization of use can be **assigned** only to a third party who meets the corresponding legal requirements to qualify as a user, producing its legal effects. **Sublicense** is allowed only to those distributing or selling the products of their trademarks.
- The authorization of use is subject to **invalidation** when granted in violation of the IPL or when false data or false documents were submitted. **Cancellation** of the authorization of use will proceed because of the lack of use for three full years, or when used in a different manner than that set up in the Declaratory of Protection, or when the D.O.P or I.G.P legends are omitted.
- **Administrative offenses:** (1) The use of AOs or GIs without the corresponding authorization from IMPI. (2) The use of names identical or confusingly similar to a protected national or international AO or GI in connection with equal or similar products. (3) Produce, storage, transport, distribute or sell product equal or similar to those protected under a AO or GI national Declaratory or those foreign AOs or GIs recognized by IMPI, using any type of indication or element misleading consumers as to the quality or origin of the products, including those as “kind”, “type”, “manner”, “imitation” or the like.
- **Criminal offense:** Produce, storage, transport, distribute or sell products of Mexican origin not having the corresponding certification applicable to the AO or GI and the corresponding official standard, with the purpose of obtaining a direct or indirect economic benefit.
- **Recognition of AOs and GIs protected in a foreign country.** IMPI will recognize those protected in a foreign country upon the terms of the International Treaties. The owner of an AO or GI protected in a foreign country will be entitled to apply for its recognition by filing an application before IMPI and enclosing the document showing the protection under the laws of the

corresponding country or according to the international treaties. The grounds of refusal, opposition rules and invalidation are set identically as those for national applications. Cancellation, however, will proceed when the document showing foreign protection is not valid any longer in such country.

The second package of amendments:

On March 22, 2018, the Mexican Senate approved a Decree whereby some articles of the Mexican Industrial Property Law (IPL) were amended and new provisions dealing with **trademarks** were introduced.

The Decree is yet to be published in the Mexican Official Diary so that it becomes in full force. We expect the publication to be affected soon.

Long awaited changes will be at last a reality in Mexico, such as the following:

- Protection through registration as a trademark for **“Trade-Dress”** is incorporated for the very first time in Mexico.
- For the first time, trademark protection through registration is provided for **non-visible signs**, such as smell marks and sound marks, as well as for certain animated marks such as holograms.
- Acquired distinctiveness (**secondary meaning**) will be recognized as an exception to the absolute grounds for refusal.
- **Consent and coexistence agreements** will be allowed to overcome senior rights, except when dealing with identical trademarks for identical goods or services.
- **Bad faith**, in a broad sense, is incorporated as a ground for opposition, and also as a ground for invalidation.
- Protection for **Certification marks** is recognized.
- **Class headings** will no longer be possible. It will be necessary to be specific in products and services descriptions according to the Nice Classification.
- **Oppositions will become binding** for the Trademark Office, which therefore will have to issue decisions duly grounded and justified based on the merits of each opposition filed.
- In order to clear-up the Mexican Register from non-used marks, it has been established a use declaration under oath, which must be filed within the next three months after the third anniversary of the date of grant of the trademark registration. If no use is declared by such date, the registrations will automatically lapse.
- **No more defensive trademarks.** Indeed, it will no longer be possible to renew a trademark registration in certain classes based on the use of the same registered trademark in other class.

No doubt that once the above amendments become effective, Mexico will be making a big step for achieving a more competitive trademark protection system, most of all because of two important changes, first because of the recognition of co-existence agreements; and second because finally the opposition will be binding so that the Trademark Office issues a reasoned decision on the merits of the opposition.

Nevertheless, there are certain important issues which were not included in the amendments, and which are still demanded by the business community for launching Mexico to the highest level of competitiveness. We refer to partial non-use cancellation actions and to awards for damages; the latter being necessary to provide trademark owners with the ability to file a claim for damages simultaneously at the time trademark infringement would be filed, and not as currently provided where a claim for damages can be filed only until after a decision finding infringement becomes final.

In any event, there is no doubt that the above amendments represent the greatest achievement for trademark protection in Mexico in several decades.