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June 27, 2005

Recent developments in the protection of well-known trademarks in Mexico By Jaime Delgado and Arturo D. Reyes

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On June 16, 2005, President Fox enacted amendments to the Mexican Industrial Property Law that impact the protection provided for well-known marks in Mexico.

The general rule provides that well-known trademarks shall be protected from unauthorized use or registration in Mexico, even in the absence of a trademark registration in Mexico.

The amendment to the Industrial Property Law became effective on June 17, 2005. The purpose of the amendment is to improve the scope of protection of well-known trademarks and give more certainty of what trademarks are deemed to be well-known in Mexico.

A. Categories of well-known trademarks

1. Marcas notoriamente conocidas or "well-known" trademarks.

A trademark acknowledged as well-known or famous would block the use and registration by others of an identical or confusingly similar trademark to cover any kind of goods and/or services, provided that (i) there is the risk of causing confusion among the consumers, or; (ii) there is the risk of diluting the distinctivity of the well-known trademark, or; (iii) it might constitute an unauthorized use of the well-known trademark, or; (iv) it may harm the reputation or good will of the well-known trademark.

A trademark is considered to be well-known in Mexico when a certain portion of the market of the public is familiar with the mark as a consequence of the commercial use of the mark in Mexico or abroad in connection to its products or services or as a consequence of advertising or promotion of the trademark in Mexico or abroad.

The recognition of a trademark as well-known would not block the use or registration of the mark by others to cover goods/services that would not actually imply the risk of confusion among consumers, dilution of the well-known mark or harm the reputation or good will of the well-known trademark.

2. *Marcas famosas* or “famous trademarks”.

A trademark acknowledged as famous would block the registration by others of an identical or confusingly similar trademark to cover any kind of goods and services.

A trademark is considered to be famous in Mexico when most of the consumers are familiar with the mark.

B. Procedures

There are two ways to have a trademark acknowledged as well known or famous in Mexico:

1. As a consequence of a trademark cancellation or infringement action, where the fact that the plaintiff’s trademark is well-known or famous in Mexico was raised with the Mexican Patent and Trademark Office (MPTO) and the MPTO decides such claim and acknowledges a trademark as well-known or famous in Mexico.

The consequences of the acknowledgement that the trademark is well-known or famous in Mexico would be limited to the case where the plaintiff raised such claim. It would not have a broader effect.

If the plaintiff files another action later claiming that its trademark is well-known in Mexico, it would have to prove it again.

2. Filing an application for an explicit acknowledgment.

The June 2005 amendment introduced a new ad-hoc procedure to have a trademark acknowledged as well-known or famous out of litigation¹.

The new procedure provided in the law allows a trademark owner to file a petition with the MPTO asking it to acknowledge a trademark as well-known or famous, provided that the applicant owns a Mexican trademark registration for such well-known or famous mark covering the goods or services for which the marks is well-known or famous in

¹ In the past, the MPTO ordered the publication in the Official Journal of the Federation (official communication media of the Federal Administration) a few acknowledgments of well-known trademarks in Mexico. Such acknowledgments were not the direct result of litigation, but a consequence of an explicit petition from the trademark owner to have its mark acknowledged as well-known. The lack of statutory provision explicitly allowing the MPTO to make and publish such acknowledgments out of litigation may negatively affect the validity and enforceability of all of them.

Mexico.

The law² includes a non-limitative list of information and evidence that the applicant must file to prove that its trademark is well-known:

i. The sector of the market integrated by the actual or potential consumers that are familiar with the applicant's trademark and the products or services it identifies, supported by surveys, market studies or any other source of information not prohibited by the law.

ii. Other sectors different from the potential or actual consumers that would be familiar with the applicant's trademark and the products or services it identifies, supported by surveys, market studies or any other source of information not prohibited by the law.

iii. The commercial circles integrated by merchants, manufacturers or service providers related with the goods or products identified with the applicant's mark that would be familiar with the products and services it identifies, supported by surveys, market studies or any other source of information not prohibited by the law.

iv. The date of commencement of use of the applicant's trademark in Mexico and abroad, if applicable.

v. The time the applicant has continuously used the trademark in Mexico and abroad, if applicable.

vi. The commercialization channels of the goods/services identified with the applicant's trademark in Mexico and abroad, if applicable.

vii. Media used to promote the applicant's trademark in Mexico and abroad, if applicable.

viii. The time the applicant has actually advertised the trademark in Mexico and abroad, if applicable.

ix. The amount of the advertising and promotion investment associated with the mark in the three years prior to the filing date of the application for acknowledgment that the trademark is well-known or famous in Mexico.

x. The geographic area of actual influence of the applicant's trademark.

xi. The sales volume of the goods or the income associated to the services identified with the applicant's trademark for the three years prior to the filing date of the

² Article 92 bis-2 of the Industrial Property Law (as amended on June 16, 2005).

application for acknowledgment that the trademark is well-known or famous in Mexico.

xii. The economic value of the mark, as stated in the assets statement of the applicant or according to a valuation of the mark.

xiii. The Mexican and foreign trademark registrations, if applicable, of the applicant's mark.

xiv. The franchises and licenses executed involving the applicant's trademark.

xv. The market share of the applicant's trademark.

The MPTO will presume that the conditions that allowed the acknowledgment of a trademark as well-known or famous in Mexico are maintained for a five years term, counted from the date of issuance of the acknowledgment. The MPTO must reject any trademark application filed by third parties for a trademark identical or confusingly similar to the well-known or famous trademark within five years term.

The applicant may file at any time a new application to show that the conditions that allowed the acknowledgment that its trademark was well-known or famous continue.

The acknowledgment that a trademark is well-known or famous would be closely linked to the Mexican trademark registration that originated it.

As mentioned before, it is necessary to have a Mexican trademark registration in order to be entitled to apply for the ad-hoc procedure of acknowledgement; further, if the trademark registration that based the acknowledgment that a trademark is well-known or famous were cancelled due any cause, the well-known or famous acknowledgement may not be used as evidence in a cancellation or infringement procedure³.

C. Invalidation of an acknowledgment that a trademark is well-known or famous

An acknowledgment that a trademark is well-known or famous in Mexico may be invalidated due the following causes:

i. Issuance against any provision of the Industrial Property Law.

ii. False evidence submitted by the applicant.

iii. Incorrect evaluation of the evidence submitted by the applicant.

³ It does not mean that the trademark would not be considered well-known any long, but the trademarks owner would have to prove it as if the well-known or famous acknowledgement was never issued.

iv. The holder of the acknowledgment was not entitled to obtain it.

The invalidation of the acknowledgment that the mark is well-known or famous does not imply the cancellation of the trademark registration(s). However, as mentioned before, the cancellation of the applicant's trademark registration used as basis for the acknowledgment that the mark is well-known or famous implies the invalidation of such acknowledgment and would not be admitted as evidence in a procedure.

The statute of limitations does not provide a term to file an invalidation action against an acknowledgment that a trademark is well-known or famous⁴, so it may be filed at any time.

D. Issues pending of clarification

There are several issues that will need to be clarified by the MPTO and the courts in the future. The following are a few of them:

1. The provisions regarding infringement actions were not amended. Therefore, the law provides that the use of a well-known trademark is a cause of trademark infringement, but it says nothing about the unauthorized use of a famous trademark.

The omission does not reduce the ability of the owner of the famous mark to file an infringement action due the unauthorized use of a registered trademark to identify the same or similar goods/services to the ones covered by the registration (in case the famous mark is registered in Mexico) and/or unfair competition.

2. It is unclear whether the applicant for the well-known or famous acknowledgment has to file all the evidence and information stated in article 92 bis-2 of the Industrial Property Law, or if it fails to supply some of the documents and information provided therein it may still obtain the ad-hoc well-known or famous acknowledgment.

A literal reading of the provision lead us to believe that it is a minimum list of requirements.

3. It is no clear whether in a trademark infringement action the owner of a trademark with a valid acknowledgment that its trademark is well-known would be relieved of the burden of proving that its trademark is well-known in Mexico, and if the explicit acknowledgment of this fact according to the ad-hoc procedure would be enough.

⁴ The Federal Law of Administrative Procedures provides a general limitation term of five years. However, considering that the effects of the acknowledgment that the trademark is well known of famous lasts for five years, we may state that the invalidation action may be filed "at any time" during the term of the well-known or famous trademark acknowledgment.

4. When filing an action to invalidate an ad-hoc well-known or famous trademark acknowledgement, it is not clear whether the plaintiff would have to prove that all fourth causes of cancellation took place, or if one would be enough.

It is likely that the MPTO and the courts will take a few years to decide a significant number of cases to allow applicants and trademark owners to know what to expect when requesting a trademark to be acknowledged as well-known of famous in Mexico under the new provisions.