

New Federal Law for the Protection of Industrial Property

Intellectual Property – July 9, 2020

INTRODUCTION

- The Law will enter into force **90 working days** after its publication in the Official Gazette of the Federation.
- The current **Regulations** to the Industrial Property Law will remain into force while the President issues the new Regulations.
- The applications concerning industrial property rights that are still in process on the date the Law comes into force, **will continue to be processed following the provisions in force at the time of their filing.**
- **New powers to the Mexican Industrial Property Institute** (“IMPI”) are provided, including **(i)** determining and collecting the fines it imposes; and **(ii)** order the payment of damages and quantify the amount of the compensation.

PATENTS

- The patentability of any substance, compound, or composition comprised in the state of the art is expressly recognized, provided that its use is new.
- **Additional provisions of non-patentable inventions** are established to protect the health and life of people and to avoid serious damage to the environment.

- The legal concept of **"bolar provision"** is included, through which the use, manufacture, sale, and import of a product with a current patent is allowed to generate tests, information and experimental production necessary to obtain a sanitary registration, **without establishing a time limitation**. These acts **will not constitute administrative infringements**.
- The law provides **scenarios in which IMPI is not obliged to carry out the substantive examination**, including the existence of defects that do not allow the comprehension of the subject-matter of the relevant application.
- A new chapter is included that regulates the granting of a **complementary certificate, of up to 5 years**, when in the processing of a patent there is an **unreasonable delay directly attributable to IMPI**.
- To the patents granted under the Law that is abrogated, the provisions regarding the complementary certificate will not be applicable.
- The owner of a patent can request the waiver, rectification, or limitation of the right conferred.

UTILITY MODELS

- Its protection term was extended from 10 to 15 non-extendable years.
- The registration of utility models in force at the time of the entry into force of the Law may remain valid for a maximum of 15 years according to the transitory provisions.

INDUSTRIAL DESIGNS

- **Animated sequences and animated graphical interfaces** may constitute an industrial design.
- The same industrial design application may refer to a group of designs related to each other, if they form a single design concept.

TRADEMARKS

- The registration of confusingly similar **or identical** trademarks for similar products or services will proceed when express and written consent is submitted.
- From now on the validity of a registered trademark, which is 10 renewable years, will be counted **from the date of its granting** (and not from the filing date of the application).
- When filing for a trademark and in its renewal, it must be declared that the products or services that will be offered **are free of deception or bad faith**.
- For word marks, it is expressly established that it will be understood that its use is reserved in any type or size of letter.
- Trademarks may be granted on the grounds of acquired distinctiveness.
- When a renewal is filed by the beneficiary of a registered lien, it will not be necessary to declare the actual and effective use of the mark.
- The use of a trademark made by the licensee will be deemed to constitute use by the holder, **without requiring to record the trademark license**.
- **The following guideline is established:**
 - i. Trademark registrations **granted as of August 10, 2018**, will remain valid and **must file the declaration of use** and, where appropriate, the corresponding renewal.
 - ii. Trademark registrations **granted before August 10, 2018**, will remain valid, and **are exempt from filing the declaration of use**; therefore, they should only present the corresponding renewal, if applicable.

APPELLATIONS OF ORIGIN

- Once the declaration of protection of an appellation of origin is issued, there must be a specific **Mexican Official Standard**. To request the respective authorization, compliance with said Mexican Official Standard must be evidenced.

- The validity of 10 years (renewable) of the authorization to use an appellation of origin or a geographical indication, is still counted **from the date of the filing** of the relevant application.
- New cancellation provisions are established when: **(i)** compliance to the Mexican Official Standard is not evidenced, concerning appellations of origin; and **(ii)** compliance of the rules of use is not evidenced, regarding geographical indications.

CERTIFICATION MARKS

- Cancellation grounds are established for this type of trademark.

WELL-KNOWN AND FAMOUS TRADEMARKS

- The following are excluded from the requirements to obtain the declaration of notoriety or fame:
 - i. The investment made in the last three years in advertising or promotion of the trademark in Mexico and, where appropriate, abroad.
 - ii. The geographical area of the effective influence of the trademark.
 - iii. The sales volume of the products or the income received from the provision of the services covered under the trademark, during the last three years.
 - iv. The economic value that the trademark represents, in the stockholders' equity of the company that owns it or according to the appraisal that is made of it.

TRADE SECRETS

- The concept of "**misappropriation**" of information and its exceptions are incorporated into the Law.
- The new Law provides specific obligations and measures regarding confidentiality, which will govern the judicial or administrative procedures related to a trade secret.

OPPOSITIONS

- The legal term granted for the trademark applicant to answer an Opposition will be **two months**. The term of one month to file the Opposition is maintained.

- If a third-party file an Opposition, the IMPI will serve the trademark applicant along with any official action, hence, the applicant files his answer brief and submit evidence.
- According to the wording of the Law, it could be interpreted that, if the applicant does not file his answer to the Opposition -within the legal term granted for it-, **the trademark application will be considered abandoned.**

LIENS AND RENEWALS

- The beneficiary of a lien will be able to request the **renewal** of the registration if such lien is recorded at the IMPI.
- The scope of protection of trademark registration will continue **only for those goods or services for which its use has been declared.**
- It is set forth that if the renewal of a registration is filed by the beneficiary of a lien recorded at the IMPI, the declaration of use will not be necessary.

LITIGATION

- **Partial invalidation and cancelation actions** are provided.
- It is expressly set forth that an invalidation action cannot be filed on the grounds of inconsistencies regarding the **trademark application proceeding.**
- The invalidation cause regarding **false data** contained in the application was eliminated. The cause was limited to the falseness of the date declared as the first use.
- The invalidation action filed on the same grounds and evidence **as in a previous Opposition proceeding, will not be admitted.**
- The **effects of invalidation and cancelation** actions are set forth, as follows:

- i. The **invalidation of the registration will retroactively destroy the trademark registration effects**, to the date of its granting.
 - ii. The non-use cancelation will destroy the effects of the trademark registration, once the final resolution is **enforceable**.
- The IMPI may "**decide**" regarding the damages claimed by the holder.
 - Regarding infringement proceedings, the Law specifically regulates the **conciliation procedure**.
 - The administrative declaration proceedings that are in process at the entry into force of the Law, will be carried out and resolved pursuant with the provisions contained in the abrogated Industrial Property Law.

PROVISIONAL MEASURES

- The IMPI will have the authority to order the suspension of the free movement of goods destined for import, export, **transit, or, in any customs regime**.
- **The suspension, blocking, or takedown of content in any virtual, digital, or electronic mean known, or to be known** is also incorporated as a provisional measure.
- To determine the imposition of provisional measures, the IMPI must analyze the "appearance of good law" and the non-contravention of public order provisions.
- The IMPI will have the authority to impose ex officio provisional measures.

CONCILIATION

- The conciliation may be carried out at any procedural stage, if, it is before the IMPI issues the final administrative resolution.
- The agreement reached by the parties may not be contrary to public order, public health, or the general interest of society.

- The conciliation will not suspend the development of the infringement proceeding.
- The agreement from the conciliation will conclude the infringement proceeding and will be considered as *res iudicata*.

FINES, DAMAGES, AND INJURIES

- The amount of the fines at the Law was increased by up to **\$21,720,000.00 pesos, equivalent to approximately US \$951,796.00.**
- In **case of a repetition of the same infringement**, the fines will be doubled. The Law defines the concept of repetition as subsequent infringements of the same legal provision.
- When the infringement is executed by a person who **knowingly engaged** in infringing activity, the amount of the fine will be doubled. The Law defines the term “knowingly” as knowledge of the existence of the rights of the holder.
- The fines will be collected by the IMPI through the administrative execution proceeding.
- The compensation for the injury that the right holder has suffered will be at least 40% concerning the indicator of legitimate value submitted by the right holder.
- The compensation may be claimed at the right holder’s choice **(i)** at the IMPI as an incidental issue to the main cause of action once the proceeding is concluded or **(ii)** directly at the Federal Courts, without a previous infringement resolution issued by the IMPI.
- The action to claim damages will lapse in two years from the date that the resolution issued by the IMPI, becomes enforceable.
- The Federal Courts will be competent to enforce the incidental issue to the main cause of action.

- The determination and quantification of the amount of compensation for damages and injuries will only apply to infringement proceedings filed as of the entry into force of the Law.

CRIMINAL OFFENCES

- The counterfeiting crime is defined at the Law as using **(i)** an identical trademark or **(ii)** in such a way that it cannot be distinguished in its essential aspects from a trademark registered or protected by law, to falsely represent a product or service as original or authentic.
- The counterfeiting is extended to protect well-known or famous marks, which are not necessarily registered.
- New crimes are included that sanction the production, storage, distribution or sale of products of national origin that bear an **(i) appellation of origin** that do not have the corresponding certification in terms of the applicable Official Standard Norm, as well, to products of national origin that bear a **(ii) geographical indication** protected that does not have a certificate of compliance.
- The crimes may be prosecuted ex officio.

JUDICIAL PROCEEDINGS

- Pursuant to the Law the Federal Courts will be competent to solve the controversies and the Federal Court of Administrative Justice will be competent to solve the trials in which IMPI's resolutions are appealed.
- In proceedings filed before a Federal Court to obtain compensation for the infringement of an industrial property right, if the alleged infringer disputes the validity of the patent, registration, publication or authorization granted by the IMPI, the Court will suspend the proceeding as long as it is resolved the invalidation, non-use cancellation or cancellation administrative proceeding against the affected industrial property right.

Should these measures have an adverse effect on you, please do not hesitate to contact our team with expertise in intellectual property matters, who can be of assistance:

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